Annual Report and Financial Statements

ASTER GROUP

for the year ended **31 MARCH 2022**


Our vision is that
Everyone
has a home
It's a bold statement
but one everyone across our
business is passionate about

Contents

We need to seize the **opportunities** in front of us to keep pace with the world around us

Chairman's
Statement

As we moved into the second year of a global pandemic, like businesses and communities across the country, we faced new, and in some cases, unexpected challenges. We remain in a difficult and uncertain economic climate and are in the midst of unprecedented times, where our resilience, adaptability and professionalism continue to be tested.

Chairman's

Statement

I'm proud to say that all colleagues at Aster are rising to these challenges together, and I continue to be in awe of the dedication and hard work of our teams, who collectively make Aster a resilient and successful business.

Despite these challenges, as a business we have continued our transformation journey at pace, focusing on providing colleagues and customers with an improved offer and strengthening our approach to customer services.

We remain focused on our vision – '**Everyone has a home**'. Given the current domestic and global outlook, this has never been more important. We provide safety and security through a range of housing services. We will continue to grow, so we can maximise our positive impact on our communities and our strengths remain just as they always will, our people and our culture. Our strategy is supported by a shared set of objectives, underpinned by three strategic themes and a set of enablers which will deliver our future and focus on transformation, growth, financial strength, and sustainability.

Financial strength and sustainability

We remain in a stable financial position and ended the year with a turnover of £240.9 million, operating profit of £76.2 million and a profit before tax of £170.6 million. Overall, our operating margin was down to 31.6% from 32.7% last year.

With the easing of COVID-19 measures in March 2021, we were able to begin working through the backlog of non-essential and planned major works deferred from the prior financial year. Despite the second half of the year seeing a larger programme of works completed, some works have rolled over into the new financial year, This, however, coupled with the heavy storms in February 2022 and continued investment in IT and employee costs, meant our operating margins were lower than the previous year.

Our profit before tax was inflated with the acquisition of Central & Cecil Housing Trust (C&C), which was recognised as a non-exchange transaction; this resulted in a gain of £119.6 million based on the fair value of assets and liabilities acquired as at 1 January 2022.

In the next 12 months we expect to see a combination of efficiency gains achieved through a range of measures including a more effective operating model, the further integration of East Boro Housing Trust (EBHT), the further integration of C&C, and realisation of the benefits of our five-year transformation programme ambitions. This will be net of rising costs, as we see the cost of living and inflation increasing.

During the year we spent £68.8 million on repairing and maintaining our homes. In addition, we are one of only a small number of housing associations that has committed to a full stock condition survey at a cost of £2.8 million on our homes. Understanding the condition of our homes provides us with further assurance around the standards for health and safety, compliance and decent homes. It also gives us the opportunity to look at how we can further improve the quality of our homes and services we provide to our customers.

Health and Safety related spend increased from £9.8 million last year to £13.0 million. This includes additional spend needed for fire risk assessment works as well as ensuring a range of work that was carried out to ensure that our homes remain safe places in which to live. We have also invested in our teams to ensure we have the right structures and competencies to deliver excellent health and safety standards, meet the requirements of changing legislation such as the Building Safety Bill and take advantage of the opportunities this brings to improve safety standards.

Although the outlook was amended from 'stable' to 'negative', Standard and Poor's (S&P) once again maintained our 'A+ rating' this year. Our continued commitment to health and safety, our plans to increase investment in existing and new homes and our transition to carbon neutral as well as our acquisition of C&C are areas which influenced S&P's decision. Despite the challenges faced across the sector over the past 12 months, our strong operational management and financial stability remain robust, and we continue to hold our governance and viability ratings of G1 / V1 from the regulator.

Providing safe, well maintained homes, and modern reliable customer services

We continue to focus on the modernisation of our customer services delivering our transformation programme which looks to ensure that we deliver modern, reliable offer to our customers.

We're pleased that, as a result, our overall customer satisfaction of 84% is greater than targeted and demonstrates a 2% improvement on last year. We're investing nearly £1.5 million in improving the areas our customers live in as part of our 2022/2023 neighbourhood enhancements programme, having spent over £1.2 million in 2021/2022 across 50 projects to enhance our neighbourhoods. This work included an investment of over £100,000 in Dorset to tackle anti-social behaviour and the creation of a new accessible play area for young people to enjoy in Somerset.

Over 50% of customers are now registered to use our free online portal MyAster, with 80% telling us they're happy with our service. With the introduction of Live Chat messaging last autumn, we're giving customers more ways to access our services in ways that suits them. Customers can use Live Chat to log repairs, ask questions, update their tenancy and more. Their feedback will continue to help us shape and improve our digital platforms that provide accessible ways for customers to reach us.

Customer Voice plays a valuable role in shaping the direction of the business and the services we provide and is embedded across every team in the business. This year, over 3,700 customers shared their views and experiences via our engaged customer groups, consultations and complaints and compliments service and we've seen an increase of more than 300% in customer engagement over the past three years as we offer customers more ways to engage and provide feedback.

Chairman's

Statement

Providing safe, well maintained homes, and modern reliable customer services (continued)

During the year we were awarded a £350,000 grant to tackle rough sleeping in Hampshire. Using the Homes England funding, and working with Test Valley Borough Council, we have bought one new home and plan to buy a further four homes in the next financial year to help people who are, or who are at risk of, sleeping rough in Andover.

As events continue to unfold following the Russian invasion of Ukraine, we'll do as much as we can to support those affected at this time of crisis. We hope that our donation of £6,000 to the Disasters Emergency Committee (DEC) has gone some way in helping those affected by the conflict, by providing food and blankets as well as essential hygiene for nearly 100 people. Over the coming months, we'll be working with local authorities to find people fleeing from Ukraine a safe place to call home. We're also backing the government's Homes for Ukraine scheme and will support customers who want to open their homes to Ukrainians who temporarily need somewhere safe to stay.

Business growth

We were pleased to have completed the acquisition of London-based Central & Cecil Housing Trust in January 2022 – a mutually beneficial arrangement that will boost our combined capacity to build new homes. Together we'll be able to build over 11,200 homes by 2030. Our partnership also enables £571 million worth of asset management, maintenance, improvements, and sustainability upgrades to existing stock, as well as increased investments in the technology we need to support a great customer experience and the offer we provide to our colleagues.

Our partnership with East Boro Housing Trust is creating opportunities for investment and development, with a scheme in Dorset set to provide local people with specialist adult social care services and affordable housing for people with support needs as well as affordable accommodation for key workers.

Building as many homes as we can, offering a range of housing options

We're delighted that once again Inside Housing has recognised our build programme as one of the top 15 in the sector, placing us 14th in this year's annual housebuilder survey.

Although slightly behind plan, we delivered 939 new homes in the year, a significant achievement given the challenges faced. 768 of those homes were affordable homes with the remaining 171 homes sold on the open market through our joint venture with Vistry Group. We plan to deliver over 1,300 new affordable homes across the group in the 2022/2023 year and our ambition is to increase our affordable homes programmes across all our areas of operation – and for the first time as a result of the acquisition of C&C, this includes London.

Over the next two years we aim to achieve a balance between Section 106 opportunities and our land-led schemes. This will mean that we can mitigate delivery risk while keeping a strong focus on the quality of new homes, controlling delivery, costs, and standards. We are also aiming to adapt our strategy to include modernising

construction delivery, increasing our digital approach, reviewing alternative heating sources, and establishing our net zero carbon targets in response to climate change.

We're thrilled to be selected as a Homes England strategic partner, enabling us to access government funding to build more affordable homes. We will receive £114 million in grant funding to deliver 1,550 homes with start on site due before the end of March 2026. Shared ownership will account for 51% of those homes and 49% for affordable and social rent. Of this additional funding from Homes England, 5% (82 homes) will be allocated for supportive living via East Boro Housing Trust and 14% for Community Land Trusts.

Community Land Trusts (CLTs) remain central to our build programme, and we continue to be a market leader in shared ownership, working with customers and the sector to implement the government's new model for shared ownership. Through our public affairs activity we continue to inform policy decisions at a national level and have an established programme of local authority activity which allows us to engage with key stakeholders on local planning.

Sustainable services

We are committed to ensuring all our stock is at least EPC C or above ahead of the government's deadline of 2030, lowering our carbon footprint and protecting the biodiversity of our communities. As part of this we continually review and upgrade our fleet with new fuel-efficient vehicles and have been trialling fully electric and hybrid vehicles. We're also looking to introduce green slots, allowing customers to select an appointment time that ensures operatives drive the most energy efficient route to reach them. Alongside this, we're trialling new digital approaches to first time fixes and online viewings for lettings to provide an easier and quicker service for our customers.

Empowering our colleagues, customers, and communities to thrive

I talked last year about our business wide transformation – Programme Experience, which will ensure as the world around us rapidly changes we're keeping up and continuing to evolve. In such a super-heated employment market we need to continue to make changes to our colleague offer to retain and attract the very best talent to ensure our customers receive the best possible experience from us.

Through the Aster Offer, we have revised our existing pay framework to ensure parity across roles and are one of the first employers in the UK to achieve Menopause Friendly Employer accreditation. We are also proud to be recognised as a Disability Confident Leader. This is an extraordinary achievement by everyone involved. We are now one of just 398 organisations nationwide who have achieved leader status. We have also continued to support colleagues both emotionally, financially, and physically through our wellbeing initiatives and have continued to offer flexible, hybrid working to desk based colleagues, allowing them to choose where and how they work.

I'm exceptionally proud to say that the Aster Foundation has been granted official charitable status by the Charity Commission. This is an exciting step for the Foundation's vision and will enable the better lives of 40,000 people by 2030 through the implementation of impact programmes that are aligned to the needs of our customers and communities.

Aster **inc.** our social incubator, is now in its second year and going from strength to strength, with recruitment for the next cohort already under way.

Our unique programme draws on the benefits, resources, and expertise of a highly successful and established social organisation and its people to provide start-up organisations with the skills needed to succeed. With this year's cohort having completed their 10-month programme, I'm looking forward to seeing how much they've achieved over a short space of time and wish them all the best of luck for the future.

Supporting customers into the future

As the expected continued rise in cost of living takes its toll on our customers over the next 12 months, we will continue to do all we can to support those customers who need it.

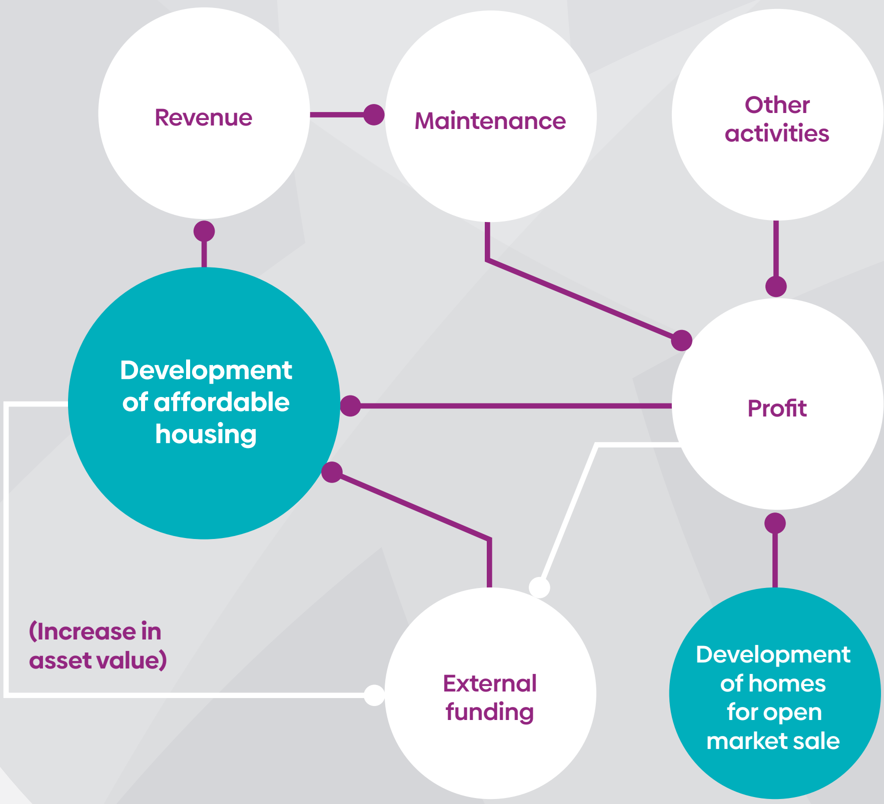
These remain uncertain times, yet I remain confident that we have our strategy and ambition, and the expertise and experience to continue to provide services and homes to people who need them, when and where they need them. Budgets will be tighter for all of us next year, but as a business, we remain financially sound and well placed to succeed well into the future.

Dr. Mike Biles
Group chairman

9 August **2022**

Our
Business Model

Everyone has a **home**



Everyone has a **home**

The group's activities are categorised into four areas:

1. **Provision of housing** through its Registered Providers - Aster Communities, Synergy Housing Limited, Aster 3 Limited, Central & Cecil Housing Trust and East Boro Housing Trust Limited;
2. **Connected living, care and support services** through Aster Living, 55 London and Central & Cecil Housing Trust;
3. **Property management and maintenance** through Aster Property Limited;
4. **Development of housing for rent and sale** through Aster Homes Limited, Aster LD Limited, Central & Cecil Construction Services Limited and joint ventures with Vistry Homes Limited (White Rock Land LLP, Boorley Green LLP and Kilnwood Vale LLP).

The group primarily generates revenues from rent and service charges associated with the provision of housing, and from the sale of houses built for shared ownership and open market sale. Profits after financing (servicing of debt) and tax are reinvested and used to build additional homes (usually through supporting additional borrowing capacity).

The group finances additional development through traditional bank funding, capital markets (bonds and notes), the European Investment Bank (EIB), Affordable Housing Finance (AHF) bond, part of the Affordable Homes Guarantee Programme, and the sector borrowing vehicle MORhomes of which the group is also a member.

Group
Structure

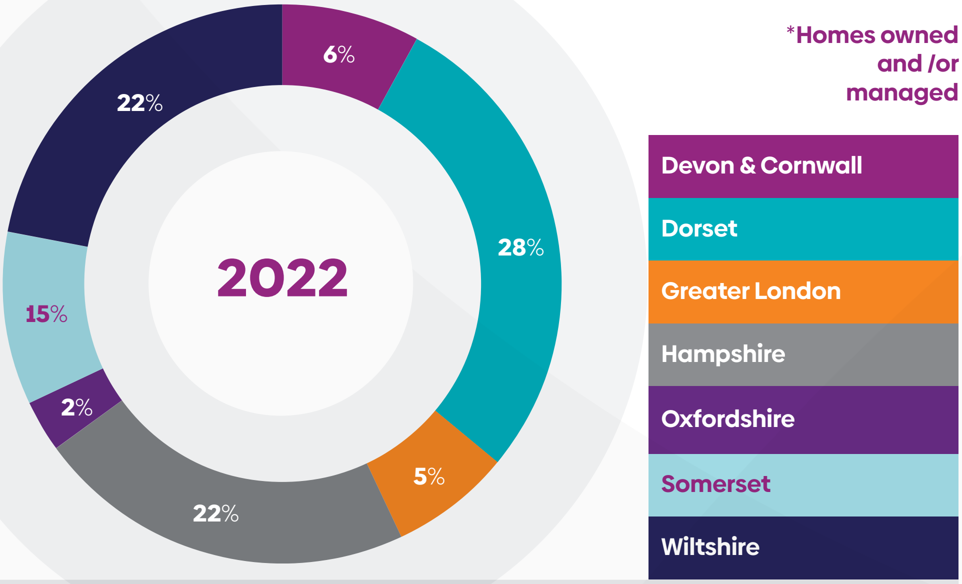
The structure of the group is:

The main activity of each of the entities in the group is:

Aster Group Limited	Acts as holding company for the group and provides support services for each of the subsidiaries.
Synergy Housing Limited	Registered Provider, with properties primarily in Dorset, Hampshire and Wiltshire.
Aster Communities	Registered Provider, with properties primarily in Hampshire, Wiltshire, Somerset, Devon and Cornwall.
Aster Living	Provision of connected living services to vulnerable people in specialist housing or their own homes.
Aster 3 Limited	Registered Provider, to provide additional development capacity to the group.
Central & Cecil Housing Trust	Registered Provider whose principal activities are the provision of housing and residential care in London.
East Boro Housing Trust Limited	Registered Provider, with properties primarily in Dorset, providing some additional support services.
55 London	Provision and management of housing for those over 55 in London.
Aster Foundation	Charitable entity enabling the better lives of people.
Aster Property Limited	Management and maintenance of housing stock and related areas.
Aster Homes Limited	Development of homes for affordable and market sale and rent.
Aster LD Limited	Development of land led focussed, mixed tenure schemes.
Aster Treasury Plc	Special purpose vehicle for raising bond finance on behalf of other group entities.
Silbury Housing Holdings Limited and Silbury Housing Limited	Special purpose vehicles for the delivery of homes in Wiltshire as part of a service concession arrangement.
Central & Cecil Construction Services Limited	Provision of property construction services.
Central & Cecil Innovations Limited	Provision of property construction services for market sales properties.
Aster Solar Limited	Special purpose vehicle for investment in photovoltaic panels on behalf of other group entities.
White Rock Land LLP, Boorley Green LLP and Kilnwood Vale LLP	Limited Liability Partnerships jointly owned by Aster Homes Limited and Vistry Homes Limited to develop properties.

Our
Market

Aster Group owns and manages over 35,000 properties and provides services to customers across central, southern and south west England and London, with the largest number of homes in Dorset, Hampshire and Wiltshire.

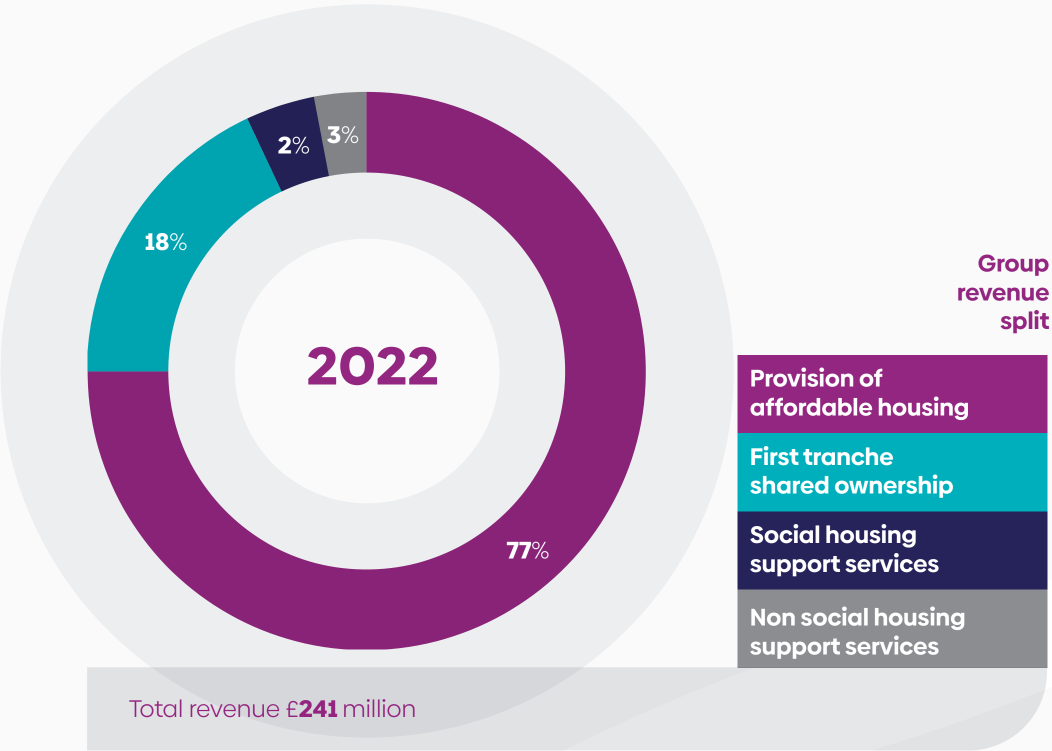


Total homes owned and managed **35,068**

*The group also owns or manages **89** properties in Berkshire and **93** in Sussex.

The group was formed by six large scale voluntary transfers (LSVTs) through the merger of Aster Communities and Synergy Housing Limited and creating a housing association in 2013. Since then the group has grown, developing more than 8,000 new homes for its customers, as well as benefitting from just under 2,200 homes through the mergers with East Boro Housing Trust in 2020 and Central & Cecil Housing Trust in 2022.

The main source of revenue for the group is through the provision of affordable housing services and from first tranche sales from the group's shared ownership development. Revenue is further supported by both social and non-social housing support services. The revenue generated by the group is used to enable better lives, to provide safety and security through a range of housing and services including the provision of safe, well-maintained homes and modern reliable customer services. The group uses the profit it generates to invest in and support the development and provision of more homes. All profits generated by the group are reinvested back into the business with no dividends paid.



In October 2017, the government announced that increases to social housing rents will return to the Consumer Price Index (CPI) plus 1% for five years from April 2020 and this was reflected in the group's rental income for the year ended March 2022. This gives social tenants, councils and housing associations the security and certainty they need.

In order to gain greater control over the group's delivery of housing, the business has increased its land-led programme and aims to achieve an even balance between the Section 106 (S106) and land-led programmes within the next two years. The business will also continue to seek larger opportunities for development to capture economies of scale and further drive efficiencies and, in addition to the profits generated from open market sale activity, Aster have secured Strategic Partnership status with Homes England which further supports our development strategy and affordable homes programme going forward.

Coupled with this, the group will look to identify land for new development within its existing stock through a review of under performing assets, increasing stock density and replacing stock which is no longer fit for purpose for our customers.

This year was the fifth year of its void disposals programme ('VDP'), a programme designed to sell under-performing void properties on the open market that no longer meet the standard the group requires. Properties identified for sale are assessed against a number of criteria and where the relevant thresholds are not met they are approved by a panel for sale. This year the group sold 81 VDP properties (2021: 71 properties). Capital generated from these sales funds the group's ambitious development pipeline to spend £2.4 billion building over 11,200 new homes over seven years. On average for every property sold under the VDP programme the business builds two or more homes, often within five miles from where the property was sold.

The group continues to benefit from its development of homes for open market sale with profits generated used to enable the delivery of more affordable homes. The group's open market sale programme is primarily delivered with its joint venture partners allowing the group to take advantage of the expertise that the partners bring as well as sharing the risk and investment.

Our
Vision and Strategy

Our **vision** is that **everyone has a home**. It's a bold statement but one everybody across our business is passionate about.

Our purpose is to improve people's lives by providing safety and security through a range of housing services. We will continue to grow so we can maximise our impact. Our strengths are our people and our culture.

Our strategy is a shared set of objectives and goals that as a business we'll work together to achieve. Supported by three strategic themes our approach is underpinned by a set of enablers which will deliver our future and focus on transformation, growth and financial strength and sustainability.

Everyone has a **home**

We enable better lives.

We provide safety and security through our reliable customer services and we supply a wide range of housing options in response to the housing crisis.

We will grow to ensure we maximise our impact and influence.

Our strengths are our people and culture.

Strategic themes

Providing safe, well maintained homes and modern, reliable customer services.

Building as many homes as we can, offering a range of housing options.

Empowering our colleagues, customers and communities to thrive.

Enablers

Programme Experience

Financial Strength and **Sustainability**

Business Growth

The **Aster** way

Chief Executive's

Statement

As 2021 unfolded it became clear we would likely be living alongside COVID-19 for at least another year.

However, despite the pandemic, our transformation journey continued at pace. We implemented new initiatives and programmes. We found different and better ways of doing our jobs to serve our customers, against the backdrop of the continuing uncertainty with which we were living. The sheer resilience our colleagues have shown over the past two years, meeting these challenges with positivity and enthusiasm, has been phenomenal.

This year has reinforced that our decision to focus our resources on transformation was the right one. It ensured that we continued to operate a more flexible service which met the needs of our diverse customer base, while remaining agile enough to meet the changing needs of the business and our colleagues over the past two years.

Cost of living increases triggered by the legacy of the pandemic, the conflict in Ukraine, the energy crisis and rising inflation emerged as new threats. While we can't control or mitigate against all these factors, there are some measures we can take. For our customers who may be concerned about their rent, we continue to work with them compassionately and with respect for their circumstances. We strive to pay our people fairly and provide both them and our customers with tools and resources to help manage their finances.

As well as affecting the money customers have in their pocket, challenges like these also have an impact on our business too. As the cost of living, materials and borrowing rises, so too does the amount of money we need to spend on ensuring our homes are well maintained, in providing modern, reliable services and in building new affordable homes for people that need them. To ensure our transformation ambitions are delivered, part of the role my Executive Board colleagues and I play is to ensure sound management and governance strategies are in place to meet these challenges.

The long-term sustainability of our business underpins all our decisions. Key to this is how we gather data and deploy the insights it provides. We are one of only a few housing associations that has taken the vital step to survey all our homes. This ambitious £2.8 million project will allow us to target our resources now, as well as plan for long-term investment. It will also provide assurance around health and safety, compliance and decent homes standards and provide vital insights on how we can further improve the services we provide to our customers.

This year saw our business continue to grow, welcoming the London-based housing trust, Central & Cecil into the group. The prospect of what we can achieve together in the long-term is exciting. Building more homes, investing more quickly in existing homes, better services and investing in technology – bringing together the resources and expertise that we both bring to the table and using them more effectively to improve the experience for our customers and colleagues.

Together the group will be able invest more than £2.4 billion to build over 11,200 homes by 2030. Our partnership with Central & Cecil will also enable £571 million worth of asset management, maintenance, improvements, and sustainability upgrades to existing homes, as well as increased investments in the technology we need to support great customer and colleague experiences.

We are proud to play our part in building the homes the country needs and to ensure everyone has a home that is of good quality, that's affordable and one which is safe and secure. This year, I am incredibly proud of the all the teams who have contributed to us helping individuals, couples and families move in to 768 new affordable homes, as well as 171 through our Joint Venture partners, and deliver the services required to maintain, repair, and deliver the essential housing services customers need from us.

The impact of the pandemic has made us more keenly aware than ever of the important role our wider communities play in enriching our lives, with people coming together to celebrate the efforts of front-line workers and provide support to those needing a helping hand.

The Aster Foundation has secured its status as a charity during the 2021/2022 year, enabling it to expand its impact programmes to many more customers in these communities. Alongside this, Aster **inc.** our social incubator, is now in its second year, helping entrepreneurs and start-ups with the expertise they need to thrive and provide jobs and opportunities in communities across the country.

One day my colleague Board directors and I will hand the baton of the running of this business to the next generation. To do that we need to make sure that we continue to retain and attract the most talented people. Our business-wide transformation, Programme Experience, will enable us to continue to evolve the way we work so we have a compelling colleague offer to continue to deliver homes and services for many years to come.

Bjorn Howard
Group chief executive officer

9 August **2022**

Operational
Review

Customer Services

The group manages more than 35,000 homes for customers across nine counties in the central, south and south west of England as well as across London. Services are provided through the Registered Providers Aster Communities, Synergy Housing Limited, Aster 3 Limited, East Boro Housing Trust Limited and from 4 January 2022 Central & Cecil Housing Trust.

The group is focused on ensuring its customers have a good experience, ensuring services are modern, safe and reliable forms one of the key strategic priorities. The transformation programme was launched to improve the way services are delivered and looks to enhance the customer experience by offering a modern and fully digital service, deliver a repairs services that is flexible and fit for the future and ensuring effective long-term investment into homes and communities.

The transformation framework is made up of five key principles, each of which has been allocated a director lead. Significant progress has been made in each area over the year, with some highlights below:

Customer Voice

All customers have the opportunity to get involved and 239 new customers have joined our consultation groups. Over the year, the group has implemented numerous changes as a result of Customer Voice work and over 3,700 customers have been involved in consultations through our consultation groups. This year the group has begun working towards gaining accreditation with the Tenant Participation Advisory Service to ensure that the way we listen to and involve customers is in line with recognised best practice and is constantly improving.

The Customer Overview Group continue to work with us on a range of activities including the review and approval of customer facing policies and the Customer Scrutiny Panel have completed two important scrutiny exercises during the year making customer focussed recommendations. They have already started the next scrutiny on tenancy management which will be finalised in 2022/2023.

The group is fully compliant with the Housing Ombudsman's Complaint Handling Code, ensuring customers are heard and understood to effectively resolve complaints. The code defines the timescales to give a written response to formal complaints. During this financial year we achieved a compliance rate of 91% for these responses, against a target of 90%.

During 2021/2022 612 formal and 787 fast track complaints were recorded, a total of 1,399 complaints. During 2021/2022 there were 24 investigations conducted by the Ombudsman resulting in one maladministration, one partial maladministration and one service failure, which compares very favourably to other social landlords. Where it was found the group could have performed better in its complaint management this is used as a learning opportunity to develop and improve.

The Designated Complaints Panel is registered with The Housing Ombudsman and where a complaint cannot be resolved they can work with customers and the group to try and reach a resolution. The Designated Complaints Panel also provide recommendations about how we can improve its services.

The complaints service ensures we proactively learn from complaints to improve the services provided. A new dedicated learning group that reports to the Customer Services Leadership Team will further enhance the opportunities to learn from complaints.

Connected Customer

This year has seen a rise in the number of customer contacts made through the Contact Centre, handling 217,690 calls, a 20% increase on the previous year, and 57,572 emails, an increase of 28%.

The group's satisfaction results were very high with advisors scoring 98% for being polite and friendly, and 93% for being knowledgeable and helpful.

Live Chat launched on the MyAster customer portal at the beginning of October 2021 and since then 7,894 chats have been handled, with customer satisfaction at 80%. Customers say that they like the ease, speed and convenience of using Live Chat, and their feedback will continue to help enhance the service.

Avoidable contact reduced by 5% in 2021/2022, and work is continuing towards improving the first contact resolution for customers and further reducing avoidable contact. Moving to a Microsoft Dynamics platform for customer service will simplify processes, improve services, and allow flexibility to offer a wider range of self-service options to customers.

Customer Focused Culture

We are now in the second year of partnership with the Institute of Customer Service, led by a steering group with members from across the business. Work is on-going towards achieving the ServiceMark accreditation, the Institute of Customer Service national standard in customer service. Customers and colleagues were surveyed about their experiences and we received many positive comments from them about our helpful and friendly teams. These early results show that we are on track to achieving the ServiceMark accreditation by 2024.

Together with the recently refreshed The Aster Way, with a much stronger emphasis on customer services, the work carried out over the past 12 months is all about creating a fair and inclusive culture that allows a great service to be delivered for our customers.

Through The Aster Offer, the group has created a new customer services learning session in partnership with the Institute of Customer Service and the first cohort of colleagues has completed the Institute of Customer Service First Impressions qualification. Human centred writing training has also been rolled out to front line colleagues to enhance every interaction we have with customers.

Operational
Review

Proactive Customer Services

The group has been working with various organisations to deliver a more proactive approach to customer services throughout the last year. A pilot with Plentific, an organisation which delivers responsive repairs through a large network of contractors has been successfully delivered. This has allowed capacity to be increased enabling repairs to be delivered to customers in a timely and efficient manner.

The group has recently introduced a product called Sightcall, which allows the contact centre team to work with customers to diagnose repairs more accurately. This is done through accessing the customer's smartphone video/camera through a secure link, and providing images to contractors who will then be able to ensure they have the right tools and equipment to resolve the repair at first visit.

Free text analytics, through Feedback Ferret is also being piloted which will enable us to listen to the broader customer voice by analysing customer feedback and interactions to establish themes and trends. This will help to gain an increased understanding of customer feedback and to proactively manage any issues which might not have been apparent in the past.

The Financial Wellbeing Team supports customers by giving guidance on budgeting, arrears management and support to claim benefits. In addition to this, the tenancy sustainment fund is in place to support customers in acute financial difficulty, to deal with urgent situations, with the assistance of supermarket vouchers, support with utility top-ups, and referrals to local authority and third sector partners to access funding and support where needed. The group also supports customers with referrals to energy hardship funds, and to local food bank partners to deliver much needed support to our communities. The group's online Money Advice Tool is also a useful resource to enable customers to complete their own self-assessment of their eligibility for tax relief and benefit support.

As the group prepares to bring together asset data from East Boro Housing Trust and Central & Cecil Housing Trust into a single system, the data which has been consistently collected needs to be as accurate and up-to date as possible. To enable this the group is working with property surveyors Savills on an ambitious project to survey 100% of homes over the next seven months. A successful pilot project carried out at the beginning of 2022 means that the main phase has now begun with 1,200 surveys carried out per week.

The outcomes will update the projected financial investment need over the next 30 years and will provide a targeted five-year investment need and programme of works, enabling budgeting to be more accurate over the short to medium term, helping the delivery team to more accurately plan resources needed.

Effective Customer Service

The group's proactive approach to neighbourhood and housing management means teams are out in communities every day, conducting tenancy and estate inspections, using a risk-based approach to ensure our homes are safe and well maintained, working closely with customers on a day-to-day basis resolving a wide variety of issues locally across our geography.

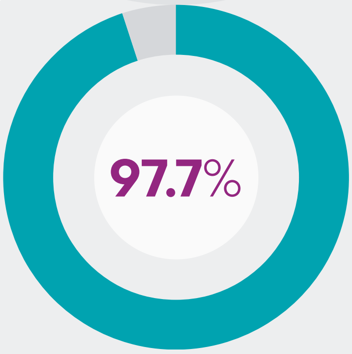
The group has continued to deliver great services operationally in 2021/2022, with some of our highlights below:

- 88% customer satisfaction with our neighbourhoods as a place to live, 87% with the quality of the repairs received, and 87% with our rent as value for money;
- An additional £411,000 of benefits income secured for our customers;
- 110,338 responsive repairs completed, and 53,017 planned or cyclical works completed;
- 99.9% of our properties meeting the decent homes standard;
- 97.7% of ASB cases successfully resolved; and
- Over 2,000 homes let.

The group continues to provide an efficient and responsive service charge and recovery service, with accuracy improving year on year. The 2020/2021 reconciliation work meant 47,000 letters being sent to customers, with just 725 enquiries leading to amendments on 354 accounts, which amounts to a 99.2% accuracy rate.

The service charge team provides support at customer meetings where necessary to answer queries about service charges and work is being carried out to digitise the service. A quarterly service charge learning session and Section 20 training is available to colleagues as well as a Section 20 e-learning module for key individuals to complete each year.

of our properties meeting the decent homes standard



of ASB cases successfully resolved

Social housing lettings

Social housing letting activities form the core of the group's business contributing £47.4 million (2021: £49.8 million) to the operating surplus before impairments with a margin of 25.6% (2021: 29.2%). The reduction in margin is driven by increased levels of major improvements works being able to be undertaken compared to the prior year when many more COVID-19 related restrictions were in place.

The following table sets out the group's key performance indicators (KPIs) in relation to the lettings side of its business:

	2021/2022 Target	**2021/2022 Actual**	2020/2021 Actual
% rent loss through vacant properties	0.76%	**0.83%**	0.84%
Average number of days to re-let	18	**23**	24
Current tenant arrears %	3.0%	**1.77%**	2.0%
Overall customer net promoter score	14	**20**	20
Overall satisfaction %	80%	**84%**	82%

Social housing lettings performed well in the year when compared to both targets and the prior year, especially in light of the ongoing challenges presented by the pandemic. Although the average number of days to re-let did not achieve the target there was still an improvement on the prior year. This is reflected in the percentage of rent lost through vacant properties also being behind target but improving on the prior year.

Current tenant arrears percentage performed better than target and improved even further on the successes of the previous year, emphasising the success of our supportive and proactive approach to helping customers to maintain successful tenancies.

Transforming customer experience and putting customers at the heart of the business are key priorities, and the overall customer net promoter score of +20 (2021: +20) has exceeded the target of +14, reflecting the hard work we do to deliver more reliable and modern customer services. Overall customer satisfaction is greater than the target at 84% and improved on last year (2021: 82%).

Property Services and Property Investment

Aster Property Limited is responsible for repairing, updating and making sure customers' homes are safe through the delivery of a flexible, resilient and modern repairs and maintenance service. In the financial year 2021/2022, £78.6 million (2021: £63.0 million) was invested in homes and neighbourhoods to ensure they remain safe, in good condition and fit for modern living.

2021/2022 has been another challenging year with a focus on recovering from the COVID-19 pandemic and dealing with the high levels of staff absences because of COVID related illness and isolation. We have crucially put the health and safety of colleagues and customers as the top priority during this difficult time. All government guidance has been followed and additional health and safety steps have been implemented to keep both colleagues and customers safe, including regular testing and the provision of PPE.

Labour shortages and rising materials costs have been challenges during 2021/2022 which are being felt across the housing and construction sector. We are making every effort to attract new talent, particularly within the trades, whilst also encouraging retention of existing colleagues. This will remain challenging into 2022/2023, therefore we are planning further improvements to our workforce planning and the Aster Offer as we move into 2022/2023.

To limit exposure to the increasing cost of materials, comprehensive materials spend reports and monthly audits have been conducted to ensure value for money is being achieved. We have also established a new commercial team to drive value for money.

Over 63,000 responsive repairs were successfully completed in the year (2021: 46,000) with an average job cost of £172 (2021: £177). A total of 1,605 (2021: 1,387) void properties were re-let at an average cost of £3,107 (2021: £3,104), and with an average turnaround time of 28 days (2021: 25). Investment in improvements such as kitchens, bathrooms, heating and roof replacements was £20.6 million. This included £19.4 million of capital investment meaning more than 775 customers received new kitchens, 342 customers new bathrooms and 1,250 customers new heating systems.

Property safety, including fire safety, is a priority for us and is at the forefront of every business decision. Aster invested £13.0 million in health and fire safety related work and £12.4 million on cyclical servicing and maintenance to ensure our customers' homes remain safe places to live and are compliant with existing and forthcoming legislation and regulatory standards.

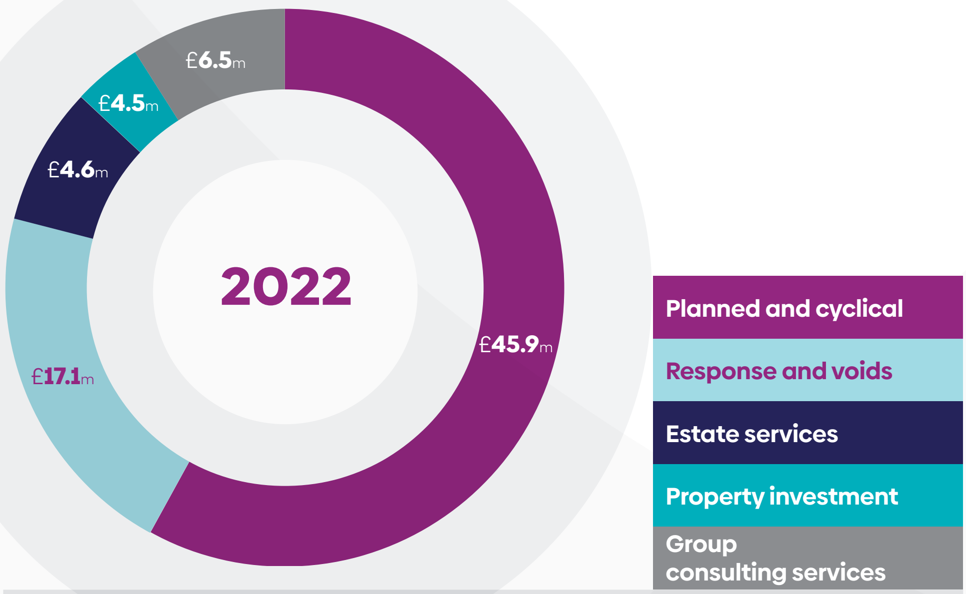
Having up to date, accurate information about the condition of homes and neighbourhoods is a vital part of making sure that our short-, medium- and long-term investment planning is appropriate and targeted to be most impactful. To strengthen our asset data, property specialist Savills was commissioned during the year to carry out a stock condition survey of all Aster homes. This work is due to complete in October 2022.

The void disposal programme is in its fifth year, with a continued commitment to disposal the criteria. 81 properties were identified and disposed of during the year as part of the void disposal programme, generating proceeds of £17.1 million.

A stock option appraisal and land enhancement programme generated proceeds of £5.8 million in the year, primarily through the auctioning of old garage stock. All disposals through these programmes are reviewed by the Group Investment and Assets Panel and only approved where they meet the group's strict criteria for disposal. The proceeds from the void disposal, stock option appraisal and land enhancement programmes are reinvested to provide more homes.

Operational
Review

Property Services – Our year at a glance



Total investment of £**78.6** million

2021/2022 Operational challenges:

- £2.5 million deferred capital works due to the pandemic;
- 60% increase in sickness absence since 2019/2020;
  Increasing from 2,957 day in 2019/2020 to 4,741 in 2021/2022
  24% of days lost in 2021/2022 were COVID related; and
- Core materials prices increased by 7%.

2021/2022 Operational highlights:

£13.0 million invested in Health & Safety related work

This work includes a range of programmes aimed at ensuring that our homes remain safe places to live, in line with all relevant legislation and standards.

of our homes with a valid gas safety compliance record

of customers satisfied with the overall repairs service

34 apprentices employed throughout 2021/2022

Operational
Review

Property Services – Our year at a glance (continued)

Set out below are Property Services key performance indicators:

	2021/2022 Target	**2021/2022 Actual**	2020/2021 Actual
% repairs completed on time	90.0%	**81.0%**	80.6%
% repairs completed first visit	85.0%	**79.4%**	83.2%
% response repairs customer effort score	85.0%	**84.0%**	85.4%
Average void turnaround time (days)	18	**28**	25
Response repairs average price per property (£)	£355	**£411**	£323
Average cost per void repair (£)	£2,533	**£3,107**	£3,104
Property cost per home (£)	£2,261	**£2,000**	£1,582

The data in this section excludes the services and investment in C&C.

Independent and Connected Living

The Independent and Connected Living services are provided through Aster Living to assist customers to maintain independence in their homes and improve their wellbeing. Independent living services are also provided through East Boro Housing Trust Limited.

There are approximately 4,000 customers supported by Aster's Independent Living team which includes providing services from low level support as required to 24-hour onsite support in the group's own schemes. The service made a loss of £188,000 in the year (2021: profit £321,000) primarily as a result of increased corporate overhead recharges, with last year's profit benefitting from the release in 2021 of a provision to cover the potential underpayment to employees for sleep in shifts. The Independent Living services provided are key to Aster's purpose of improving people's lives and supplying a range of housing options.

There are just over 4,000 customers benefiting from the connected living service. Services offered range from providing key safes, to GPS tracking and alarm packages paid on a monthly basis. This service contributed £163,000 (2021: £265,000) to the operating surplus in the year.

Whilst the last year has been impacted by the pandemic, the service has continued to attract new customers, however retaining customers throughout the pandemic has been a challenge. A recent Telecare Services Association external audit had high praise for the service delivered through difficult times. The service is seeing a rise in new connections, a slow one but hopefully as the world returns to 'normal' this will grow.

The Connected Living website platform has been mobilised, resulting in a small but steady take up. There has been no promotional launch as the site continues to be improved, but there will be a soft launch once all planned improvements are implemented.

Connected Living has also entered into several partnerships including Dorset & Wiltshire Fire Rescue and Well Cool Clothing in the hope of expanding the customer base.

Silbury Housing Limited

Through Silbury Housing Limited, and its parent Silbury Housing Holdings Limited, the group delivers a 22 year service concession arrangement with Wiltshire Council initially to develop, and from 2012, to manage and maintain 242 affordable homes. Profit before tax for this PFI funded arrangement was £319,000 (2021: £312,000).

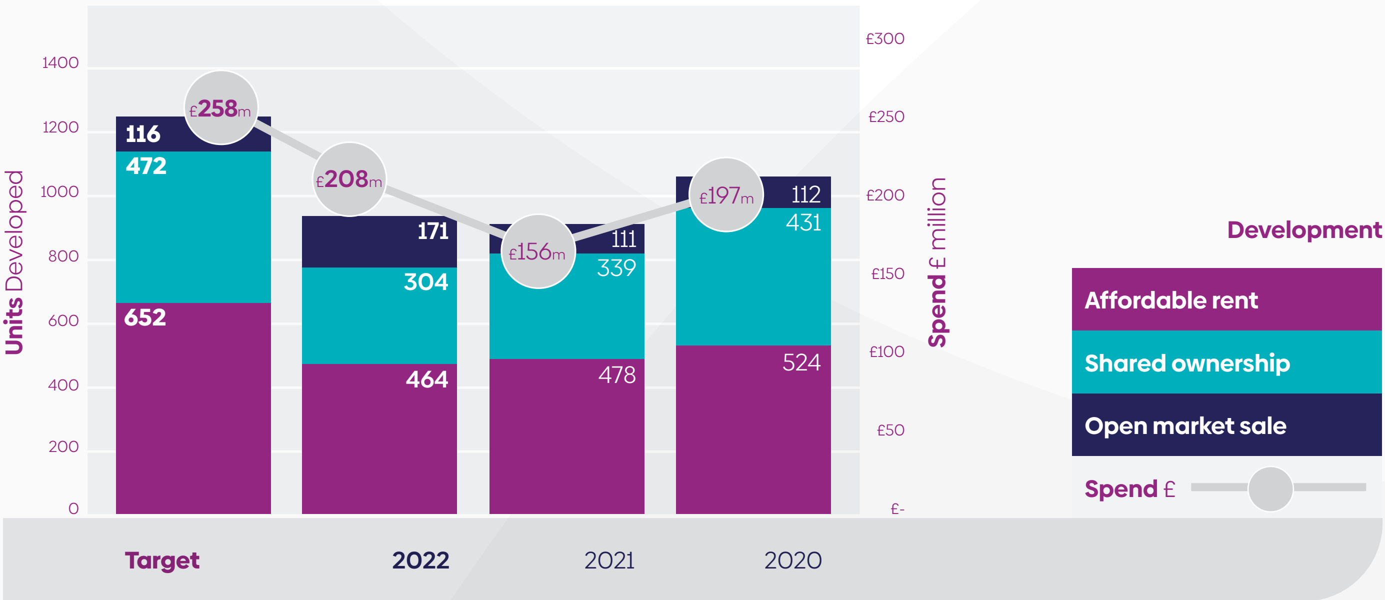
Operational
Review

Development and sales

Aster Homes provides design and build services for developing affordable homes for the group. Private sale development projects are delivered through joint venture arrangements with Vistry Homes Limited.

A key priority of the group is to build as many homes as possible and to offer a range of housing options. This is achieved through developing affordable homes for both general needs rent and shared ownership as well as developing homes for sale on the open market. The group supports housing development in rural communities and is an avid promoter of shared ownership as a mainstream tenure.

Development



During the year the group developed 768 (2021: 817) new affordable homes, and a further 171 (2021: 111) homes were delivered for open market sale through the group's joint ventures (88 through White Rock Land LLP, 37 through Boorley Green LLP and 46 through Kilnwood Vale LLP). The group spent £208.2 million on development of affordable homes in 2021/2022 (2021: £155.9 million), and a further £19.3 million on developing homes for sale on the open market through the group's joint ventures (2021: £14.1 million).

The group's affordable homes programme aims to deliver 9,500 units over the next seven years, spending £1.8 billion to achieve this aim.

The scheme at Bargates Christchurch will be delivered by Aster LD Limited, which undertakes complex land-led mixed tenure schemes for the group. The scheme will deliver 77 private sale units, 38 affordable units and three commercial units. The scheme achieved planning permission in February 2021 and is due to start on site by November 2022. Unit completions will span from December 2023 through to October 2025.

There are three joint venture arrangements with Vistry Homes Limited, which, between them were set up to deliver 1,436 new homes, of which 153 affordable homes and 318 private homes remain to be delivered over the next three years.

Aster Solar Limited

Aster Solar Limited's main activity is to provide green electricity to the group's customers through the installation of photovoltaic panels on existing properties. The company benefits from the resale of unused electricity generated through the government agreed feed-in tariff.

The alleviation of fuel poverty amongst the group's tenants is a key objective for Aster Solar, together with the ability to generate profits that can be reinvested into charitable activities.

Aster Treasury Plc

Aster Treasury Plc's principal activity is to raise external debt to finance the growth and development activities of the group and its subsidiaries.

On 20 July 2021 the company repaid the second and final £50 million of Commercial Paper issued under the Bank of England's COVID-19 Corporate Financing Facility (CCFF).

The company also paid interest on its current bond debt and received interest on its on-lending to group companies.

Financial review

The group had a strong year achieving turnover of £241 million and a profit before tax of £171 million (2021: £46 million). The main movements are set out below:

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Turnover					
Social housing	**189**	176	163	162	162
First tranche shared ownership	**45**	42	47	42	36
Non-social housing	**7**	6	5	8	7
	241	224	215	212	205
Operating costs					
Social housing	**(147)**	(128)	(122)	(115)	(115)
First tranche shared ownership	**(39)**	(37)	(39)	(35)	(31)
Non-social housing	**(2)**	(3)	(2)	(2)	(2)
	(188)	(168)	(163)	(152)	(148)
Profit on asset sales	**23**	18	20	18	15
Operating profit	**76**	74	72	78	72
Other profit, including joint ventures	**123**	-	15	1	2
	199	74	87	79	74
Interest and similar income and charges	**(28)**	(28)	(27)	(24)	(24)
Profit on ordinary activities before taxation	**171**	46	60	55	50

2021/2022 was the second year of the government's 5 year rent settlement agreement and social housing rents were increased in line with this, the group applying an increase of CPI plus 1% (1.5%). Rental income also grew through the addition of new properties developed by the group for both affordable and shared ownership rent as well as from the acquisition of Central & Cecil Housing Trust in January 2022, which added a further 1,800 properties.

Despite the challenges faced during the year relating to material and labour shortages, resulting in delayed handovers, first tranche sales remained strong with the group achieving 369 first tranche shared ownership sales (2021: 359). An increase in the first tranche share sold from 42% to 45% offsets a reduction of £6,000 in the average sales price for a 40% first tranche share.

Social housing costs have increased by £18.5 million, primarily related to lettings. Social housing lettings costs include additional spend of £3.3 million on services combined with a net increase of £3.7 million on major improvements, repairs and maintenance costs, reflecting the group's commitment to investing in its existing housing stock. Further management costs of £7.0 million have been incurred which include £2.8 million of stock condition survey costs and £2.7 million of management costs brought into the group as part of the Central & Cecil Housing Trust (C&C) acquisition.

First tranche sales costs increased by £2.3 million reflecting the increase in sales. The margin on first tranche sales has increased to 13.3% compared with 10.8% last year, a result of the focus on larger development opportunities to capture economies of scale and efficiencies.

The group continued to rationalise its stock, disposing of void units, inefficient parcels of unused land and other cost intensive stock that fail to meet the group's asset grading tests. Overall, across all the group's streams of asset sales, which includes the void disposal programme, stock options appraisal units, the land enhancement programmes, staircasing sales, right to buy and right to acquire, total proceeds of £42.4 million were raised. This included proceeds of £14.6 million from 161 staircased sales, being a significant upturn due to market conditions. All proceeds will be directly reinvested back into the provision of new energy efficient affordable homes. The overall profit on asset sales increased by £4.7 million from the prior year to £22.6 million, with 81 void disposal units sold this year (2021: 71 units).

Operating profit was £76.2 million and the group achieved an operating margin of 31.1% compared to 32.9% last year.

Other profit, including joint ventures, has increased in the year due to the gain on the acquisition of C&C to the group of £119.4 million. Profit from joint ventures contributed a further £2.6 million of profit.

After net finance expense of £28 million, profit before tax was £170.6 million and includes the £119.4 million gain on acquisition of C&C. Adjusting for this, underlying profit before tax was £51.2 million, £5.7 million ahead of last year.

Cash inflows and outflows

The detailed cash flow for the group is set out on page **99** In summary the main cash flows for the group were:

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Net cash generated from operations	**176**	145	130	152	152
Less net interest paid	**(36)**	(36)	(34)	(34)	(28)
	140	109	96	118	124
Investment in new properties	**(208)**	(156)	(197)	(177)	(180)
Social housing grant received	**12**	5	13	3	3
Purchase of other fixed assets	**(4)**	(2)	(4)	(3)	(2)
	(60)	(44)	(92)	(59)	(55)
Drawdown of borrowings	**40**	325	153	125	50
Repayment of borrowings from / (to) joint ventures	**13**	8	(2)	(5)	(2)
Repayment of borrowings	**(103)**	(230)	(43)	(30)	(1)
(Decrease) / increase in cash holdings	**(110)**	59	16	31	(8)

The group held £96 million (2021: £206 million) of cash and cash equivalents at year end and had £1,123 million (2021: £1,168 million) of bank loans and bond debt.

Net cash flows from operating activities remained strong driven by increased revenues within the lettings side of the business, an increase in first tranche sales receipts of £3.8 million, and reduced capitalised major repairs works of £5.1 million. The group's operating cash flow ratio remains at 112% in line with the previous year with increases in social housing grant repayable within one year of £21.7 million and development build costs of £19.6 million offset by the increase in net cash flows from operating activities.

Cash invested in new and existing properties was £208 million, an increase of £52.4 million on 2021, with the group developing 939 homes in the year. Included in this figure is the group's capitalised major repairs and maintenance spend which increased by £8.8 million to £20.3 million due to catch up on outstanding repair and maintenance work following the pandemic.

The group utilised the committed facilities and cash raised through the group's EMTN program in January 2021, together with a drawdown of £40 million by Aster Communities from their revolving credit facilities to finance the group.

The repayments of borrowings include £32 million payment of cash into the group's revolving credit facilities, which can be drawn down again at a later date, scheduled capital repayments in Aster Communities and Synergy Housing Limited as some of the group's facilities mature, £50 million of Commercial Paper issued under the Bank of England's COVID-19 Corporate Financing Facility (CCFF) and the repayment of £17 million of C&C loans with Santander and RBS. There were also scheduled capital repayments made by Silbury Housing Holdings Limited.

Financial
Review

Statement of Financial Position

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Fixed assets					
Property, plant and equipment	**2,089**	1,843	1,757	1,610	1,498
Investment properties	**19**	18	17	17	16
	2,108	1,861	1,774	1,627	1,514
Non-current assets					
Debtors: amounts falling due after more than one year	**59**	68	89	82	81
Current assets					
Inventory	**8**	3	3	2	2
Debtors: amounts falling due within one year	**44**	37	27	30	19
Shared ownership properties held for resale	**50**	35	37	30	23
Properties held for open market sale	**-**	-	-	-	2
Cash and cash equivalents	**96**	207	148	132	101
	198	282	215	194	147
Creditors: amounts falling due within one year	**(146)**	(130)	(81)	(74)	(63)
Net current assets	**52**	152	134	120	84
Creditors: amounts falling due after more than one year	**(1,113)**	(1,152)	(1,114)	(995)	(903)
Pension liability	**(17)**	(41)	(32)	(45)	(33)
Other provisions	**(3)**	-	(1)	(1)	(2)
Net assets	**1,086**	888	850	788	741

The movements in the Statement of Financial Position are explained below:

- **Property, plant and equipment -** This mainly includes the group's social and affordable rented housing properties and components. The increase is driven by the addition of £116.4 million of housing assets following C&C joining the group combined with properties developed in the year and component replacements offset by depreciation;
- **Debtors: amounts falling due after more than one year -** This includes loans to joint ventures which have decreased by £7.7 million combined with a reduction in the finance debtor of £1.4 million;
- **Debtors: amounts falling due within one year -** This primarily includes trade debtors and rent arrears. Loans to joint ventures decreased by £5.6 million as the White Rock joint venture scheme nears completion and is offset by an increase in prepayments and accrued income (£2.7million). The remaining movement in debtors of £9.2 million is due to increases in service charge under-recovery receivable, rent arrears, and other debtors of which £5.8 million relates to C&C;
- **Shared ownership properties held for resale -** This includes the first tranche element of the group's shared ownership properties completed or under construction, but not yet sold. The increase relates to a greater number of shared ownership units under construction compared to last year (increase: £13.1 million) coupled with the addition of C&C to the group (£6.1 million) offset with fewer unsold completed units (reduction: £4.9 million);
- **Cash -** Decreased by £110.4 million as the group utilised the funds raised from its EMTN program in January 2021 (see cash flow above).
- **Creditors: amounts falling due within one year -** This primarily includes accruals and deferred income, trade creditors, rent paid in advance, service charge over-recovery and the element of loans repayable within one year. The overall increase is due to an increase of £9.6 million in social housing grant payable and an increase of £14.0 million in accruals and deferred income of which £4.2 million relates to C&C. These increases are partially offset by a reduction of £13.6 million in loans repayable within one year;
- **Net current assets -** the group has positive net current assets with a ratio of current assets to current liabilities of 136% (restated 2021: 217%);
- **Creditors: amounts falling due after more than one year -** This includes the group's long-term debt. The net decrease of £39.4 million is primarily due to additional borrowing and draw-downs from the group's facilities of £40.0 million offset by repayments of £85.6 million (see cash flow opposite), as well as £2.2 million of additional social housing grant; and
- **Pension liability -** This includes the pension deficits from the group's membership in the four local government pension schemes and the Social Housing Pension Scheme (SHPS). The reduction reflects the group's actuarial gains as well as £7.4 million of additional contributions the group has made to consciously actively manage and reduce the liability.

Value for Money

Statement 2021/2022

The housing sector continues to experience acute cost rises, with the ongoing effects of BREXIT and the pandemic compounded by rising inflation and increasing energy costs. The businesses that will thrive during this challenging time are those that can achieve best value for money whilst not compromising on quality or safety.

Value for money forms a central part of our business and organisational culture. This is encapsulated in our corporate strategy, delivered through our strategic themes and enablers, and scrutinised through our corporate performance framework. Value for money is about being effective in how we plan, manage and operate our business. We recognise the importance of both social and financial value, and our approach balances the needs of our customers with our social value and meeting future housing need with the quality of our homes.

We are committed to achieving value for money across all our business areas, ensuring we have a sustainable, commercial approach to value creation without compromising quality. We are currently undertaking a review of our procurement services to ensure we continue to take a risk-based approach, while empowering colleagues to make sound, commercially driven decisions: procuring the right things, at the right time, in the right way. We will continue to strive to deliver sustainable savings through robust contract management and tendering, driving a more commercial culture across the group through the whole lifecycle. Alongside the procurement review, we are considering how best to ensure colleagues across the business have one view of our approach to value for money: to embed social, financial, and environmental value in everything we do.

Building on our success as one of the first organisations in the sector to issue a Sustainability Bond under an ESG framework, those ESG principles will continue to help shape how we procure services and manage ongoing relationships with our supply chain. We promote best practice by seeking innovative, future focussed solutions for products, services and works required by the group and challenge the market to improve.

Through our treasury and business planning processes we understand our future funding requirements, ensuring funding can be effectively put in place in a timely manner allowing us to deliver our corporate strategy. The group looks to make best use of its capacity – analysing risks through scenario testing – by maximising borrowing and effectively utilising security whilst also maintaining credit strength. Achieving value for money is embedded in our capital and treasury structure, augmented by appropriate funding structures such as the group's bond, to achieve interest cost savings which are re-invested in maintenance and new developments.

Our G1 rating indicates that our governance processes are sound and we are getting value for money from the investment we make in our governance, risk and assurance frameworks. Our internal governance framework provides assurance through various mechanisms:

- Our value for money measures and targets are monitored and scrutinised by our Corporate Performance and People Panel (CPPP), and are also presented monthly to the Aster Group Board;
- CPPP also monitors and tracks projects and initiatives which deliver savings, efficiency improvements and additional benefits;
- Our Group Investment and Assets Panel considers value for money in all decisions relating to our strategic asset and development programmes; and
- We track our social value through the work of the Aster Foundation, and through our Customer Experience Panel.

Equally, we recognise that our group has grown over the past two years, with both EBHT and C&C joining since the start of the pandemic, expanding the coverage of our governance, risk and assurance frameworks. We will therefore be conducting an organisation wide governance review in the coming year to ensure our structures remain both fit for purpose and fit for the future.

We will never pursue growth that has a detrimental impact on our offer to our colleagues and customers. All our growth options are assessed thoroughly in relation to additionality and the social, financial and environmental value that can be generated. Growth must also explicitly contribute to the delivery of our corporate strategy; we are not looking to become bigger for the sake of it. For example, C&C joining the group in January will deliver increased social value to our customers and communities and work has already started on a new strategy and direction for our over 55s services across the group. It has also enabled greater diversity and expanded the group's talent pool. The merger will enhance our capacity to take controlled risks and maximise our impact, as we deliver smarter, quicker and more efficient services to our customers while combining our support service functions to drive synergies and efficiency. Together, we are working towards generating recurring annualised savings of £1.5 million while protecting front line local service delivery. We will continue to consider a range of partnerships options to pursue our mission that everyone has a home.

We monitor value for money against key financial metrics, as detailed on the following pages,and through the measures identified as being key to the business. In addition, being successful in delivering our strategic and operational objectives and achieving our performance targets is inherent to providing value for money for our customers and communities. We believe that if our customers and colleagues are satisfied and our business is financially stable then that is an indication that we are successfully embedding value for money into everything we do.

We will be benchmarking our performance against a limited number of peer organisations that, collectively, we believe provide us with the most suitable barometer against which to assess and challenge how we are doing.

Customer services

As evidenced by our social housing cost per unit, we look to strike the right balance between investment and value for money for our customers. The health and safety of our customers is paramount and we won't compromise on this. We are investing in our stock and services, enabling customers to sustain their tenancies and to live independently for longer – providing security for our customers and our business. We will continue to strive to maximise our income and generate efficiencies through our digital evolution programme and better understanding of the customer need – ensuring services are tailored and cost effective.

Value for Money performance at 2021/2022 year end	2021/2022
% overall customer satisfaction with services provided by Aster	84%
% overall customer satisfaction for General Needs & Housing for Older People with services provided by Aster	82%
% current rent arrears	1.83%
All voids turnaround times (days)	18

Property services

We are working to further strengthen our comprehensive understanding of the homes we own, their future reinvestment needs and forecast return over the life of our 30 year plan. Our ambition is to know that the anticipated rental income stream of our homes exceeds the projected planned maintenance and running costs over that period, generating a positive return. This will enable us to develop an asset management strategy that encapsulates the opportunities and challenges we face in keeping our homes in good condition – now and in the future.

We will continue to improve the reliability and consistency of maintenance service provision across the group, working with partners, where appropriate, to reduce costs, improve service standards ensuring we are delivering services right first time and achieve social and environmental benefits; and continuing to provide the best possible balance between cost and quality.

We know how important our repairs service is for our customers and we continue to identify how we deliver a proactive repairs services, utilising our highly skilled in-house team and our supply chain. We will continue to invest in technology and utilise data to strengthen our repairs service delivery, that drives value for money and quality of service for customers.

We continue to focus on the modernisation of our customer services with a vision to provide modern, reliable customer services, delivering an effortless experience now and into the future. We continue to build on our digital self-serve offer for our customers and over 50% of customers are now registered to use our free online portal MyAster, with 80% telling us they're happy with our service. Customers can now use Live Chat to log repairs, ask questions, update their tenancy and more. Their feedback will continue to help us shape and improve our digital platforms that provide accessible ways for customers to reach us.

Value for Money performance at 2021/2022 year end	2021/2022
% response repairs customer effort score	88%
% ratio of Responsive Repairs to Planned Maintenance	25%:75%
% customer satisfaction with the quality of their home (excluding new build)	77%

Statement 2021/2022

Asset management

Our dynamic asset management plan, meanwhile, maximises returns and makes best use of our assets - including the acquisition and disposal of assets that secure strategic, social or economic value. Through our robust voids disposal programme (VDP), land enhancement programme (LEP) and stock options appraisal programmes (SOAP) we will ensure local needs are always considered and balanced with the opportunities for reinvestment in existing homes and neighbourhoods.

Income generated through stock rationalisation (VDP, SOAP, LEP):

	2021/2022 £m
VDP - net capital receipts	17.1
VDP - net profit	13.2
SOAP - net capital receipts	3.0
LEP - net capital receipts	2.8

Development

Our development programme is targeted at making the biggest difference to the housing shortage, by building as many homes as we can. This doesn't mean sacrificing on quality or the scale of our investment.

Our strategy is focussed on delivering our own programme of land-led sites through partnership; control and quality remaining our overall focus. This programme is managed through dedicated technical teams who are involved in every step of the process, delivering homes that balance value and quality from inception to handover. All development contracts are required to meet several criteria and subject to a rigorous approval process – ensuring we balance investment, our strategic objectives and income generation to provide value for money for our customers, communities and the business.

Our partnerships with CLTs require higher investment and this has been a conscious decision to support our strategy to build sustainable communities by creating a supply of affordable homes to meet local need across the whole of our geography.

Value for Money performance at 2021/2022 year end

	2021/2022
Number of affordable homes built	768
% customers satisfied with the quality of their new-build home	84%
% of homes built to EPC B or above	97%

Aster Foundation

Value for money is not just about pounds and pence. As a registered charity, the Aster Foundation exists to help people living in and around our communities to connect in ways that enrich and provide access to opportunities that enable better lives. We believe that everyone should have the opportunity to have a safe, fulfilled, and happy life. The COVID-19 pandemic has had a profound impact on lives and livelihoods around the world and, in the UK and elsewhere, has widened the inequality gap. Using the Acorn segmentation tool (2021), the Aster Foundation identified that nearly half of the neighbourhoods we work across fall into financially stretched categories. This equates to nearly 35,000 people in our operating region who may be finding things especially challenging in the current economic climate.

At least 20,000 people across our communities live with a common mental health disorder and the South West has the highest number of people aged 65 (and above) living alone, which contributes to the loneliness epidemic among elderly people. The Aster Foundation's approach is to offer impact programmes that not only work for people when things go wrong, but also try to tackle the root cause of social challenges through innovation and empowering our communities to influence the things which really matter to them.

Value for Money performance at 2021/2022 year end

	2021/2022
People positively impacted by the Aster Foundation	**5,803**
People whose financial wellbeing has been improved	**2,665**
Days spent by Aster colleagues volunteering in our communities	**206**

We are continuing to transform the way we work through Programme Experience, one of the three enablers of our Corporate Strategy. The main objective of Programme Experience is to continue transforming how we work and what we do to ensure we have a sustainable, resilient business – improving the experience our colleagues and customers have.

We believe value for money is not always about cutting costs; it's about return on investment and evolving with the times to ensure we can continue to achieve maximum value from our business going forward. We also believe that engaged colleagues result in an improved service offering for our customers. Our Right Spaces, Right Places plan, for example, is focused on maximising working in different ways, with our workspaces flexibly enabled to provide 50% focused work and 50% collaborative work. Through this approach, we are reducing our corporate real estate. Office space has reduced by 26,000 sq ft between 2018 and 2021 and our facilities management budgets continue to reduce year on year.

Value for
Money Metrics

2021/2022 Performance

The group's performance in 2021/2022 provides strong evidence of the commitment set out in the approach to VFM.

Performance against the Value for Money key metrics

Set out below is the group's sector scorecard comparison showing the median and upper quartile positions as well as the group's target for 2023. It is inappropriate to try and draw a direct comparison between the group's 2021/2022 performance and the sector scorecard due to the impact of the COVID-19 pandemic in 2020/2021.

Key to performance

- Performance is in the Upper Quartile
- Performance is Median
- Performance is in the Lower Quartile

Reinvestment

Aster's Performance 2022	Aster's Performance 2021	Aster's Performance 2020	Scorecard 2021 Median	Scorecard 2021 Upper Quartile Threshold	Target 2023
10.1%	8.8%	12.1%	5.1%	8.0%	**Upper Quartile**

Reflects the investment in social housing properties (existing stock and new supply) as a percentage of the total value of social housing properties held (Aster measure the total value of social housing properties at deemed cost).

New supply delivered - social housing

Aster's Performance 2022	Aster's Performance 2021	Aster's Performance 2020	Scorecard 2021 Median	Scorecard 2021 Upper Quartile Threshold	Target 2023
2.2%	2.5%	3.0%	0.9%	2.0%	**Upper Quartile**

Sets out the number of new social housing units, excluding those homes delivered through the group's joint ventures, that have been acquired or developed as a proportion of total social housing units owned at the period end.

New supply delivered - non social housing

Aster's Performance 2022	Aster's Performance 2021	Aster's Performance 2020	Scorecard 2021 Median	Scorecard 2021 Upper Quartile Threshold	Target 2023
54.5%	94.9%	94.9%	-	-	-

Sets out the number of new non social housing units, including those homes delivered through the group's joint ventures, that have been acquired or developed as a proportion of total non social housing units owned at the period end.

New supply delivered - combined

Aster's Performance			Scorecard 2021		Target 2023
2022	2021	2020	Median	Upper Quartile Threshold	
2.7%	2.9%	3.4%	-	-	-

Sets out the total number of new housing units, including those homes delivered through the group's joint ventures, that have been acquired or developed as a proportion of total housing units owned at the period end.

Gearing

Aster's Performance			Scorecard 2021		Target 2023
2022	2021	2020	Median	Upper Quartile Threshold	
50.0%	52.8%	53.5%	33.8%	47.2%	Upper Quartile

Calculated as net debt (loans less cash) as a proportion of social housing assets. Shows how much of the social housing assets are made up of debt, and the degree of dependence on debt finance. It also sets out the potential capacity for further borrowing which can be used to fund the future development of new housing.

EBITDA MRI[1] interest cover

Aster's Performance			Scorecard 2021		Target 2023
2022	2021	2020	Median	Upper Quartile Threshold	
182.5%	210.5%	191.8%	216.0%	343.7%	Median Quartile

Seeks to measure the level of surplus generated compared to interest payable. It is a key indicator for liquidity and investment capacity.

Headline social housing cost per unit (CPU)

Aster's Performance			Scorecard 2021		Target 2023
2022	2021	2020	Median	Upper Quartile Threshold	
£3,857	£3,398	£3,468	£3,891	£5,101	Median Quartile

Assesses the headline social housing cost per unit as defined by the regulator. Costs include management costs, service charges, maintenance, major repairs, other social housing costs and other operating costs on housing lettings, but excludes depreciation.

Value for

Money Metrics

2021/2022 Performance (continued)

Operating margin - overall

Aster's Performance			Scorecard 2021		Target 2023
21.8% **2022**	24.4% 2021	24.2% 2020	23.5% Median	28.8% Upper Quartile Threshold	**Median Quartile**

Demonstrates the profitability of operating assets before exceptional expenses. Defined as operating profit, excluding surplus on sale of property, plant and equipment, as a percentage of total turnover.

Operating margin - social housing only

Aster's Performance			Scorecard 2021		Target 2023
25.6% **2022**	29.2% 2021	27.2% 2020	25.5% Median	31.3% Upper Quartile Threshold	**Median Quartile**

Demonstrates the profitability of social housing operating assets before exceptional expenses. Defined as operating profit derived from social housing activities, excluding surplus on sale of property, plant and equipment, as a percentage of total turnover.

Return on capital employed (ROCE)

Aster's Performance			Scorecard 2021		Target 2023
3.5% **2022**	3.5% 2021	3.6% 2020	3.1% Median	4.0% Upper Quartile Threshold	**Median Quartile**

Compares the operating profit [2] to total assets less current liabilities.

1. EBITDA MRI is Earning before interest, tax, depreciation, amortisation, excluding profit on disposal of property, plant and equipment, but including the cost of capitalised major repairs (major repairs included). Interest includes the group's interest payable plus interest capitalised during the year but excluding interest on the net pension liabilities.
2. Operating profit includes the group's operating profit inclusive of profit from disposal of property, plant and equipment, and the share of profit in joint ventures.

Value for
Money Metrics

2021/2022 Performance (continued)

The group is committed to being a leader in the sector for both reinvestment and new supply delivered. This is a priority of the group as it looks to achieve its vision that everybody has a home. The business model is worked hard to develop as many new homes as possible within the group's financial capacity and in 2022 Aster built 939 total homes (of which 768 were affordable), closing the year with 35,045 homes owned (34,662 of which were affordable).

The reinvestment metric is measured as a proportion of the value of the group's properties. The group delivered 768 affordable homes and 171 for sale on the open market, spending £188 million on development, an increase of £38 million on the prior year. Similarly, it has delivered £20 million of capital works to its existing stock catch up on outstanding repair and maintenance work following the pandemic. The group has also acquired £116 million of housing properties through its acquisition of Central & Cecil Housing Trust.

The fact that both of these group metrics measure significantly above the median and close to the top quartile of the sector as a whole is testament to the group's belief that the greatest role to play in tackling the housing crisis is "building as many homes as we can" and is a key strategic theme for the group.

The group's ambition is also highlighted by the level of gearing which pushes the business hard and is viewed as a positive, remaining in the upper quartile. The ratio has fallen slightly as the increase in net debt of £65 million to £1,026 million is offset by the growth in the group's housing properties of £232 million.

EBITDA MRI interest cover has reduced since 2021 and is below the sector median. EBITDA MRI has reduced by £9 million in the year due to a £4 million increase in spend on major improvements, repairs and maintenance costs. Management costs increased by £7 million and include £3 million of management costs brought into the group as part of the Central & Cecil Housing Trust merger. Net interest costs have remained in line with the previous year while the first tranche sales margin (which is dilutive to the group's interest cover metric) has increased by £2 million.

Aster is in the upper quartile for the sector for the gearing metrics highlighting the group's ambition to continue to grow so we can maximise our impact but not at the cost of increasing the group's risk and exposure.

The social housing cost per unit has increased by £458 since the prior year. Additional management costs of £135 per unit and additional major and capitalised repairs works of £138 per unit have been partially offset by a reduction in routine and planned maintenance costs of £115 per unit. Costs for other support services and non-capitalised development costs have remained stable on a per unit basis. Capitalised major repairs costs have increased by £231 per unit due to the catch up of the prior year deferred planned maintenance programme. Aster's approach to VFM is not to necessarily be the cheapest, but to still offer excellent value, and to provide customers with good, safe homes and with good, reliable services and the group's investment plans in future years reflect this.

Operating margins, although a good measure of overall profitability, should be viewed in the context of the diversity of activities in the sector. Both Aster's overall and social housing margins have reduced on the prior year with the overall margin slightly below the sector median. This is driven by a reduction in the social housing operating margin resulting from additional service, maintenance and improvements costs of £7 million emphasising the group's commitment to providing customers with good, safe homes and with good, reliable services. Despite this, the social housing margin is in line with the sector median.

Whilst overall return on capital employed (ROCE) gives an indication of how well the group makes a financial return on the assets it owns, Aster's asset management plans focus on improving how the asset base can perform better as well as improving the group's homes. ROCE has remained in line with the prior year. The reduction in operating surplus before asset sales of £2 million is offset by an increase of £5 million asset sales and £2 million share of joint venture profits combined with an increased in the group's asset base of £137 million, reflecting not just the reinvestment and new supply delivered but the group's investment in digital and colleague transformation.

Risk
Management

The group's enterprise risk management framework has never been more important. It's a way of working that enables the recognition of, and considered response to, uncertainties and obstacles as they arise and supports the exploration of potential opportunities coming from changes in both the internal and external environments. By working like this, the group can be successfully navigated through all situations, achieving goals and overcoming threats to achieve success.

Our approach

Risk management is recognised as an integral part of good management practice from the board to our customer facing teams and is integrated into strategic and service planning processes and performance management.

The board is accountable for ensuring threats and opportunities are managed appropriately, with the Group Risk & Compliance Committee undertaking a more detailed review of risks that may positively or negatively impact on the business's strategy, operations or legislative compliance. The Group Treasury Committee ensures that risks to financial viability are managed through the group's treasury management and investment policies. The members of the Executive Board are responsible for effective risk management within their areas of accountability.

Risk appetite

The group's risk appetite statements convey the type of risk that the group is willing to take in pursuit of its aims and objectives. They also set out the risks that should not be taken in any circumstance.

This approach recognises that known and understood risk can and should be taken to achieve the group's objectives, if it is within its risk appetite, actively managed and balances risk for reward. While the board accepts operational risk is inevitable and that perfect risk avoidance is neither possible nor necessarily desirable, risks related to safety, financial viability, the environment and reputation must be actively managed and mitigated.

A key control for financial viability risk is the undertaking of multi-variate scenario testing to analyse the effects of realistic economic and risk scenarios. The group has modelled those identified scenarios and assessed the impact on its financial covenants and viability. To ensure the group can recover from the impact of the scenarios, mitigation strategies have been developed for each one.

Measures of performance against both strategic objectives and of operational delivery are reported against a set of risk based tolerance thresholds, with the tolerance for under performance informed by the board's risk appetite, driven by the potential consequences of not achieving targets set. The risk appetite for any risk that could have a severe impact on customers,employees or the financial plan is averse, translating to limited tolerance for any deviation from target performance.

Risk assurance

The three lines of assurance model forms part of the group's sound system of internal control and is a core element of the group risk framework.

Line 1

Operational management is responsible for designing, executing and maintaining effective risk management plans and control processes. They identify, assess and mitigate risks, including through the development and implementation of policies and procedures and ensure that activities are consistent with group objectives and risk appetite. Operational managers oversee the execution of these management plans and are responsible for corrective actions to address potential process and control deficiencies.

Line 2

The second line of defence focuses primarily on the work associated with the oversight and scrutiny activities of the group. It is undertaken by those separate from the delivery of the activity and generally includes assessments or reviews carried out by specialist teams within the group assurance function or the scrutiny of governing bodies.

Line3

The third line is the independent sources of assurance, such as the group's internal audit function. This line carries out a programme of work specifically designed to provide a wholly independent and objective opinion on the framework of governance, risk management and control throughout the organisation, including the manner in which the first and second lines of defence achieve risk management and control objectives.

Looking ahead in 2022/2023 the group aims to continue to refine and enhance its risk management and assurance processes. Following reflection and self-assessment against a risk maturity model, the group is committed to further maximising the benefits of key risk indicators and multi risk scenario modelling.

Emerging uncertainties

Multiple changes in the operating environment, ensuring building and fire safety arrangements meet new regulatory requirements as well as a new consumer regulation framework presents significant challenge for all Registered Providers. Looking ahead is a fundamental element of the group's approach to risk management and the Group Risk & Compliance Committee ensure a balance between receiving assurance over the management of current risk with looking to the risk horizon.

Principal
Risks

Principal risks

During 2021/22, the board regularly reviewed the threats which it believes could adversely impact on the achievement of objectives or impact on the effectiveness and efficiency of core services. The board also focused on the uncertainties which could present opportunity to further deliver the group's vision and purpose. The following list provides an overview of the principal risks to the group at the end March 2022. The list is not exhaustive or set out in order of priority and is continually subject to change.

Risk	External factors	
	Potential impact	**Aster's response**
Global and economic operating environment (inc. BREXIT) Any change which may affect the operating environment in the UK, could negatively impact profitability or negatively impact on operational delivery and services.	The impact would depend on the event. However, a key consideration following any significant world event, for instance, is the impact it might have on the group's funders and key stakeholders directly, the labour market available to the group or the view of the sector by investors, stakeholders, employees and customers.	Horizon scanning is undertaken, with emerging concerns or case studies reported to relevant governing bodies. Ensuring our corporate structure, operational structure, service delivery model, contracting and supply chain approach are resilient to external change. A living business plan is produced on a quarterly basis that uses prudent assumptions in the long-term, with stress testing, scenario analysis and contingency planning. A treasury management plan is overseen by the group's Treasury Committee with key metrics reported.
Changes in Legislation, Regulation and Government Policy Any change which may impact negatively on the Financial Plan.	The Financial Plan may be impacted due to increasing cost of delivering housing management and property maintenance and investment, reduced rental income and/or impact on the programme of new home delivery.	There is regular monitoring for emerging consultations and indication of policy review, with analysis and research undertaken to give context to the implications.
Sales risk The property market experiences a slowdown in sales and/or a reduction in property prices, impacting on the ability to sustain a viable development programme across all tenures.	A delay (e.g. sales taking longer than planned) or reduction (e.g. a fall in sales price) to the projected cash flow may result in additional costs to fund the liquidity shortfall, may result in covenant breach and could impact on the development capacity of the group. A fall in sales price would result in a reduced income and therefore profit, impacting on the funding of further development.	Transactional sales data is monitored weekly at operational level and reported monthly to operational leadership meetings. Performance and expected performance are reported against the development strategy quarterly with a suite of performance indicators with agreed tolerances and escalation trigger points. Sales pipeline risk monitoring and regional housing market intelligence reports are reviewed regularly. Construction pace is monitored to consider speeding up or slowing down development and build rate.
Delayed or frustrated new home supply External factors restrict the ability to deliver the planned developer led or land led new build programmes.	A reduction in the number of new homes built and available for customers. A reduction in the income secured from shared ownership or market sale and from social or affordable rent. Less homes reducing overall value for money across the programme.	The group takes a proactive approach to building and maintaining stakeholder relations. The Group Investment and Asset Panel monitor delivery and forward forecast. The Living Business Plan reflects changes in the forward programme and forecast handovers.

Risk	Technical and operational issues	
	Potential impact	**Aster's response**
Health and safety A health and safety compliance issue leads to serious injury or ill health.	Any impact would be dependent on the severity of the issue. However, in addition to the impact on the individuals concerned, it could ultimately result in a negative financial impact and detriment to the relationship with key stakeholders, e.g. regulators, customers and funders.	Operational management scrutinise live performance data with dedicated roles ensuring cyclical maintenance, inspections and servicing of components within homes and communal areas. A suite of performance measures is reported monthly relating to gas, electrical, fire risk assessments and actions, asbestos, lifts and water hygiene. The measures have a defined tolerance reflective of the critical nature and potential consequences. The group applies the three lines of assurance model in all areas of safety monitoring. The group has a clear 'Safety First' culture and a diverse wellbeing programme for colleagues as well as a comprehensive set of policies and operational procedures to ensure safety of homes, customers and communities and of employees.
Liquidity and security Inability to access financing options and maintain sufficient loan security would have an adverse effect on the funding of future development programmes and therefore the future growth of the group.	Liquidity problems would cause the group to slow down or stop its development programme. The group's inability to charge housing assets as security for current and future funding requirements restricts the level of future borrowing and could result in an increased cost of borrowing and hence could restrict the level of housing development. In the case of existing borrowing, a delay in security charging could result in a loan covenant breach.	Key financial metrics are monitored monthly, including cash flow. A security utilisation model is embedded into the business plan. Property charging and utilisation is monitored by the Group Investment & Asset Panel and Group Treasury Committee. The group has specific resources dedicated to ensuring a 'charging pack ready' approach. A performance metric reports on the security available to be charged.
Reputational risk Reputational damage due to significant or sustained high-level crisis events.	The group relies on its reputation to help secure new development opportunities, attract new customers, employees and partner organisations, trade with funders and suppliers and support its position with regulators. Damage to the group's reputation could have a detrimental impact on any or all of the above, resulting in a negative impact on profits and the future provision of homes as well as on the trust of our customers.	The group's Safety First ethos is applied fully and consistently supported by a comprehensive compliance framework that encompasses not just safety, but all legal and regulatory responsibilities, greatly reducing the potential for an incident that could negatively impact on reputation. Strong governance and robust probity arrangements minimise the potential for a corporate crisis event. The group is proactive in communicating regional and national communication of positive news stories, of strategic decisions and to celebrate the difference safe and secure homes make to our customers as well as the work of the Aster Foundation across our communities.

Principal risks (continued)

Risk	External factors	
	Potential impact	**Aster's response**
Data security and integrity An IT security breach causing data loss and/or system compromise/failure or a breakdown in data integrity control frameworks.	Cyber-attacks can result in financial loss, disruption of service or damage to reputation, and also cause distress to customers and employees. Interruption to normal business operations could result in (the short-term) key frontline services not being delivered to customers, and in (the long-term) regulatory intervention. Poor data quality can lead to poorly informed decisions and may trigger crystallisation of a wide range of risks.	The group has in place network security, malware protection, email scanning, web filtering, wireless access control and phishing protection which is monitored and updated as required. The group has a tested cyber incident response plan and undertakes disaster recovery planning and testing with external specialist penetration testing. The group has an Information Governance and Data Integrity Framework to drive effective data review, reconciliation, completeness and integrity process.
Skilled workforce Loss of critically skilled talent or an inability to recruit to skill gaps.	The group requires a wide range of skills to deliver its services and strategic aims. A local or national shortage of skilled trades challenges the ability to deliver some frontline services. Without the appropriate skilled workforce, key change programmes may be frustrated and delivery of strategic ambitions compromised.	The Aster Offer for colleagues is kept under continuous review to ensure it is a competitive and attractive employment package. The group is focusing on creating a clear employee value proposition and ensuring roles are attractive and inclusive to a diverse workforce.

Corporate and
Social Responsibility

Streamlined Energy and Carbon Reporting (SECR) for period 1 APRIL 2021 to 31 MARCH 2022

Energy efficiency action

As at 31 March 2022, the group continues to maintain its ISO 14001-certified environmental management system, which provides a framework for the organisation to manage its environmental risks and maximise its opportunities, including continually seeking ways to reduce energy consumption and minimise greenhouse gas (GHG) emissions.

The data in this report excludes the impact from C&C.

During 2021/2022 we:

- Continued to adopt a 'virtual first' approach to working for non-trades staff, reducing the need for employees to travel for business purposes. Grey fleet mileage was 61% lower in 2021/2022 compared to the pre-pandemic baseline year of 2019/2020*;
- Continued to ensure office space is used efficiently and building controls are optimised to match occupancy rates. Through our Right Spaces, Right Places plan our corporate real estate has reduced by 26,000 square feet since 2018, and energy consumption at our offices was 27% lower last year than pre-pandemic (2019/2020)*;
- Utilised the data from the telematics systems fitted to fleet vehicles to assess driving efficiency, identify and correct poor driving practices and reward efficient driving. Every driver now goes through a formal, externally accredited driver training programme that includes an eco-driving module. In addition, speed limiters have been fitted to all fleet vehicles and route optimisation software is used. The annual mileage driven per van has reduced from approximately 17,000 in 2020/2021 to 12,500 last year*;
- Upgraded the boiler plant at two housing schemes with high-efficiency models; and
- Consolidated our IT storage and servers, relocating a number of them from one of our own office sites to more energy efficient, external data centres.

Actions planned for 2022/2023 include:

- Producing a sustainability roadmap, which will include medium- and long-term carbon emissions reduction targets for both our operations and our housing stock;
- Continuing to rationalise office space to ensure it meets the needs of the business whilst further promoting virtual working and increasing the flexible working options for our colleagues;
- Carrying out a pilot project to install solar photovoltaic systems at a number of properties in Dorset, including a scheme where the PV panels will feed electricity into the communal areas, and
- Producing a five-year fleet strategy to ensure our operational vehicles remain fit for the future, incorporating measures to green the fleet by improving fuel efficiency and reducing carbon emissions where possible.

Although emissions from our housing stock are not currently included within the scope of our SECR reporting, we continue to develop our energy plans to ensure our initial target is met for all homes to achieve a minimum Energy Performance Certificate (EPC) rating of C by 2025, ahead of government target. Through our Warm Homes Fund project, 210 properties have received energy efficiency and heating upgrades and, as of 31 March 2022, 84.9% of our stock was rated at EPC C or better. During 2022/2023 we are undertaking comprehensive energy modelling of our stock to establish delivery programmes that meet our initial energy efficiency target and establish longer-term carbon and energy reduction targets. In addition, as energy prices continue to rise, we are exploring other options to bring affordable warmth to our most vulnerable residents.

		2021/2022	2020/2021	Change 2021/2022 from 2020/2021 %	2019/2020	Change 2021/2022 from 2019/2020 %
Energy consumption:						
1.	Mains gas (MWh)	**17,138**	14,714	16.5%	14,896	15.0%
2.	Transport fuel – company fleet (MWh)	**6,702**	6,053	10.7%	7,327	-8.5%
3.	Transport fuel – business travel in employee-owned vehicles (MWh)	**1,096**	604	81.5%	2,859	-61.7%
4.	Fuel used in plant and equipment) (MWh)	**877**	714	22.8%	927	-5.4%
5.	Purchased electricity (MWh)	**7,472**	6,841	9.2%	7,648	-2.3%
6.	Electricity provided by landlord at corporate sites (MWh)	**352**	332	6.0%	Included in item 5	n/a
7.	Energy consumed by staff working from home (MWh)	**3,125**	3,208	-2.6%	Not reported	n/a
8.	**Total energy consumption (items 1-7) (MWh)**	**36,762**	32,466	13.2%	33,657	9.2%

* Excludes EBHT, as this part of the organisation has been included in the SECR report for the first time this year.

	2021/2022	2020/2021	Change 2021/2022 from 2020/2021 %	2019/2020	Change 2021/2022 from 2019/2020 %
Greenhouse gas emissions - mandatory (SECR) reporting:					
9. Combustion of gas (Scope 1) (tCO2e)	**3,139**	2,705	16.0%	2,739	14.6%
10. Combustion of fuel for transport (Scope 1 – company fleet) (tCO2e)	**1,587**	1,457	8.9%	1,793	-11.5%
11. Combustion of fuel for transport (Scope 3 – business travel in employee-owned vehicles) (tCO2e)	**270**	150	80.3%	686	-60.6%
12. Purchased electricity (Scope 2, location-based) (tCO2e)	**1,586**	1,595	-0.5%	1,955	-18.9%
13. Total gross emissions for which SECR reporting required (items 9-12) (tCO2e)	**6,582**	5,907	11.4%	7,173	-8.2%
Intensity ratio – mandatory (SECR) reporting:					
14. Total gross emissions per property managed (tCO2e / property)	**0.209**	0.210	-0.4%	0.265	-21.3%
Methodology:					
15. Greenhouse Gas Reporting Protocol – Corporate Standard					
Other emissions - non-mandatory reporting:					
16. Emissions from fuel used in plant and equipment (Scope 1) (tCO2e)	**173**	140	23.8%	159	9.0%
17. Emissions from electricity (Scope 3, location-based) (tCO2e)	**75**	78	-4.2%	Included in 12	n/a
18. Emissions from electricity (Scope 2, market-based) (tCO2e)	**414**	77	437.8%	25	1556.5%
19. Emissions from electricity consumed in transmission and distribution (Scope 3) (tCO2e)	**147**	144	2.1%	166	-11.4%
20. Emissions from staff home working (Scope 3) (tCO2e)	**580**	603	-3.8%	Not reported	n/a
Total gross emissions – SECR-mandatory plus non-mandatory reporting:					
21. Total of scopes 1, 2 and 3 emissions (location-based electricity) (tCO2e) (sum of items 13, 16, 17, 19 and 20)	**7,558**	6,872	10.0%	7,498	0.8%
22. Total of scopes 1, 2 and 3 emissions (market-based electricity) (tCO2e) (sum of items 9, 10, 11, 16, 18, 19 and 20)	**6,311**	5,276	19.6%	5,568	13.3%
Intensity ratios – SECR-mandatory plus non-mandatory reporting:					
23. Total gross emissions (item 20) per property owned and managed (location-based electricity) (tCO2e/property)	**0.240**	0.225	6.6%	0.250	-4.3%
24. Total gross emissions (item 21) per property owned and managed (market-based electricity) (tCO2e/property)	**0.200**	0.187	6.9%	0.206	-2.8%

Explanatory notes

1. Data for 2019/2020 and 2020/2021 excludes EBHT. 2021/2022 data includes EBHT. All data presented excludes C&C.
2. Mains electricity and gas consumption data derive from invoices and have been provided by Aster's energy broker, who purchase energy on the group's behalf.
3. Fleet fuel consumption has been derived from fuel card data, which covers all purchased fuel.
4. The energy consumption associated with business travel in employee-owned vehicles is not directly measured and has therefore been estimated from the mileage driven, which is captured by the company's expense handling software.
5. The consumption of fuel used in plant and equipment has been obtained from a combination of fuel card data (for petrol and diesel purchased from garage forecourts) and purchase invoices (other fuels).
6. The energy consumed by staff working from home has been calculated using the methodology set out in the EcoAct Homeworking Emissions Whitepaper.
7. Emissions have been calculated using the 2021 UK Government Greenhouse Gas Conversion Factors for Company Reporting. The exception to this the market-based emissions factor for the main corporate (renewable) electricity supply contract, which was provided by the supplier.
8. Where there is a small discrepancy between the totals shown and the sum of the constituent parts, this is the result of the rounding of figures.
9. The intensity ratios for 2019/2020 and 2020/2021 in this report are different to the figures presented in the 2020/2021 SECR report. This is because the number of properties owned and managed was under-reported previously.

Corporate and
Social Responsibility

The Aster Offer

The Aster Offer is designed to improve the group's employee offering – creating a positive environment for colleagues and one which is fair and inclusive. Crucially, it has a positive impact on employee engagement – supporting a drive towards high performance to provide the best possible service to our customers.

Wellbeing

The group's Health and Wellbeing approach continues to evolve to ensure colleagues are empowered to prioritise their own wellbeing. This year we have introduced Plumm which launched on 1 November to Aster and EBHT colleagues with C&C colleagues being added to the contract as of 1 January with 478 registered users so far. The usage to date has been good with 652 chat therapy sessions accessed along with 128 video sessions, 664 courses and 428 clicks onto meditation.

Part of a Mentally Healthy campaign, we've instigated a refreshed introduction to supporting colleagues' mental health. It forms part of the induction for all new employees and a new mental health champion one day course. We also launched a MENtal fitness podcast series with male colleagues talking about how they look after their mental health.

We held three new leader workshops from Plumm to embed wellbeing into the leadership development offer. These included unpacking the basic employee psychology, assisting team members in distress and managing remote working teams.

The wellness hub on Perkbox (our employee benefits platform) has now been made available to colleagues via the app and platform and includes a range of physical wellbeing options as well as recorded content for mental health and sleep.

We also renewed the Thrive contract and the app was relaunched including free live webinars on a range of topics, as well as an instant access to computer-based training sessions and relaxation techniques using gamification.

We've also launched a new interactive infographic to help colleagues navigate the emotional support offer.

The wellbeing offer was shortlisted for a number of external awards for both our response to COVID-19, and our work focused on menopause.

Our menopause offer has been shared with our new C&C colleagues and we have just concluded our second 10-week Menopause and exercise programme with MenoHealth. 'The Sofa Sessions' have been running every month since January 2021 and are a monthly virtual menopause catch up for colleagues usually with a guest speaker or menopause expert. This is supported by a MS Teams channel called 'The Hot Topic' for support and information. In July 2021 we were accredited as one of the first UK employers to be Menopause Friendly and since then have launched a new eLearning module on menopause awareness for all colleagues and have plans to run menopause awareness webinars later this year. Colleagues took part in a campaign for International Women's Day focusing on challenging the negative narrative and breaking down the bias around menopause in the workplace.

Diversity and Inclusion

The group continues to embed the diversity and inclusion principles to support an inclusive culture. Diversity and Inclusion (D&I) is now a key enabler of Programme Experience. We have seen a review of our approach to EIA processes along with better training developed to enable us to embed quality EIA particularly in Programme Experience.

This year we have seen good employee network engagement and we are building on the success with further colleague led networks along with a new D&I steering group to ensure we embed inclusive principles into operational practices across the business.

We have seen the launch of our reverse mentoring programme targeted at senior leaders focusing on D&I with the second cohort just completing the programme. This has received extremely positive feedback from both mentors and mentees. A number of leaders have completed inclusive leadership training and now this will be embedded into our leadership development programme.

A discovery workshop was held involving key stakeholders from across the business with Lexxic, focusing on neurodiversity. A report was then produced outlining key areas of focus to support Aster becoming a neurodiverse smart organisation. Leader e-learning is now available on LEARN (our digital training system) which raises awareness and offers practical solutions for our people. A workshop has also been attended by colleagues across our people teams and networks.

We have recently been awarded Disability Confidence Leader status in response to the proactive work in this area by the Disability Confident Group.

Restorative Practice

We have continued to embed Restorative approaches in all aspects of our employment relationship and in further shaping the Aster Offer.

All existing leaders and colleagues are now trained. New leaders and colleagues attend restorative training as part of their induction process, providing a clear understanding of what Restorative Practice is, how it can be applied, and giving the clear expectation that everyone is required to take personal responsibility and be accountable. All of this aligns with our culture and values as set out within The Aster Way.

We have successfully achieved Registered Restorative Organisation status for a second year following assessment and accreditation by the Restorative Justice Council. This award demonstrates our continued commitment to using Restorative approaches when challenging inappropriate behaviours and to support better ways of working.

The positive impact a Restorative approach has, continues to be seen with a reduction in formal disciplinary, grievances and performance issues. To ensure we maintain this momentum we will be offering Restorative Masterclasses (from summer 2022) for leaders to refresh their Restorative skills and enhance expertise alongside further investment in our Level 2 Restorative Facilitator cohort, championing the use of Restorative practice within Aster at all levels.

Looking to the future, our People team restructure will see the creation of a dedicated Employee Relations hub which will enable the effective triage of colleague relationship concerns, conduct matters and performance issues, ensuring the most appropriate solutions are identified to provide the best outcomes which are achieved promptly, and in line with our Resolution policy and its principles, thus creating a healthy and functioning environment where everyone is invested, and has a voice.

Colleague Voice

The group is committed to listening to its colleagues to help shape and develop its employee offer. We carried out the annual colleague survey which saw 898 responses and an engagement score of 65%. We received over 8,000 comments, which were reviewed and grouped into themes. All of the feedback shared, directly impacts decision making for the year ahead and key projects such as Programme Experience, our biggest transformation yet. The best scoring themes were Your Leader (84%) and Your Role (80%), both of which saw a slight improvement on last year's results. Although leadership is still inconsistent throughout the business, there are clearly some amazing and inspiring leaders within the organisation who are following The Aster Way, and colleagues were mostly positive about their individual leader and their ability to be great role models.

To ensure colleagues see action on their feedback, action plans have been developed which will be tracked quarterly.

Colleagues have continued to engage in the Transformation Network through specialisms and have helped improve the colleague experience through the roles they carry out at various stages of the employee lifecycle.

Recognition

The group has continued to recognise those colleagues who have gone above and beyond and who bring The Aster Way to life. The annual 'The Aster Way Awards' saw over 450 nominations with a new category added to recognise our East Boro Housing Trust colleagues, who joined the Group in March 2020.

Our customer groups were involved in reading the nominations and creating a shortlist. The winners came together virtually to celebrate their success. Colleagues also continue to use the benefits platform for peer-to-peer recognition.

Giving back

The Aster Foundation became a recognised charity in 2022, and its mission is to ensure that everyone has the opportunity to live a safe, fulfilled, and happy life. Our strategy is to provide impact programmes that not only help individuals when things go wrong, but also attempt to address the core causes of societal challenges through innovation.

Through the Aster Foundation, the group has continued to provide the opportunity for colleagues to support local communities and causes that matter to them through charitable donations, fundraising activities and volunteering. In 2021/2022, 206 days of volunteering was invested into community organisations and causes. The Aster Foundation volunteering platform, Aster VIP, continued to grow with 50 community partners and 362 members. As of March 2022, the platform was open to Aster customers to sign-up too.

Along with Newcastle University and the Bill & Melinda Gates Foundation, The Aster Foundation has been undertaking financial exclusion research to listen to the people in our communities to improve this challenge. In late 2021 we undertook an online survey which received over 1,100 responses 190 people opted in to have a further face-to-face interview with our research partners, Newcastle University, on their experiences of financial exclusion and how the financial system can be improved and made inclusive for all.

Over 2,000 customers have benefitted from the Aster Foundation's financial wellbeing offer which helps people have a healthier relationship with their money and also assisted with helping people in our communities claim over £280,000 in unclaimed benefit and £130,000 in benefit appeals.

Over 350 people in our communities have benefited from the group's mental wellness and resilience training, including community organisations such as the Enham Trust, Fairfield Farm Trust and Carers Trust UK.

Through our charity events and individual fundraising, we have raised over £20,000 for our Charity of the Year, Dementia UK.

Our companies **fulfil** their duties to act in the best interest of the individual entities

Corporate Governance Report

Introduction

This section of the annual report describes the group's corporate governance structures and processes and how they have been applied throughout the year.

Introduction

The Board of Aster Group Limited (group Board or Board) is responsible for ensuring the sound running of the group.

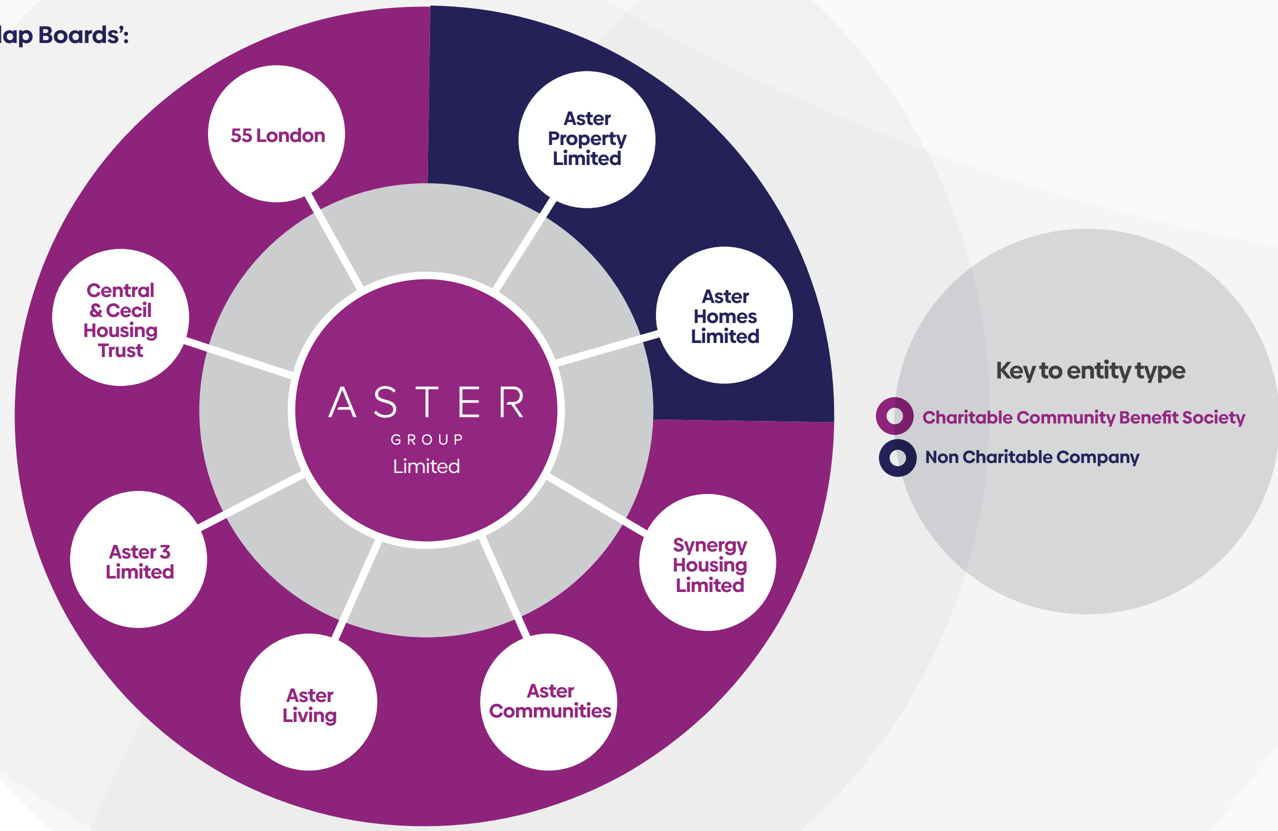
To achieve this and the aims of our corporate strategy the Board must be supported by appropriate and well managed governance processes.

The group continues to comply with the Regulator of Social Housing's (RSH) Governance and Viability Standard in full and had its G1 / V1 rating reaffirmed by the RSH during the year.

Corporate structure

The group operates with an "Overlap Boards" structure to ensure that the group Board has full visibility of the subsidiary activities.

The Overlap Boards':



With the exception of Aster Communities, the same individuals sit on the Boards of Aster Group Limited, 55 London, Aster Homes Limited, Aster 3 Limited, Aster Living, Aster Property Limited, Central & Cecil Housing Trust and Synergy Housing Limited.

In addition to those members sitting on the Overlap Boards, Aster Communities' board includes two local council nominees.

This overlap enables Board members of our registered societies and directors of our companies to fulfil their duties to act in the best interest of the individual entities.

The group's other operating subsidiaries have their own Boards appointed in accordance with the group's scheme of delegation.

Corporate Governance
Report

Governance arrangements

The group's governance structure comprises:	
Aster Group Limited Board	Responsible for the overall direction of the group, formulating strategies and plans and monitoring the work of the committees.
Subsidiary Boards	Contribute to the overall direction and strategy and formulate the approach and plans for the subsidiaries in line with the overall group.
Customer and Community Network	Oversees service delivery to all of the group's customers and the work it does in communities. Its focus is the group's social purpose and social impact while being mindful of the economic and regulatory environment that the group operates in.
Aster 55 Committee	Leads the development of a strategic plan, offer and delivery model for the provision of over 55s services across the group.
Group Remuneration and Nominations Committee	Considers matters relating to the recruitment and development of Board members, independent members and executive directors. This includes remuneration policy and frameworks, remuneration implementation, nominations to Boards and committees and Board effectiveness assessments.
Group Audit Committee	Oversees the appointment of internal and external auditors and the scope of their work. It also reports to the Board on the operation of the internal control arrangements and scrutinises the statutory accounts.
Group Treasury Committee	Oversees the group's treasury management activities and makes recommendations to the Boards on those activities.
Group Risk and Compliance Committee	Oversees the management of risk including the development of an effective risk management framework and oversees compliance with statutory regulatory requirements.
Executive Board	Responsible for implementing the group's strategy, ensuring that financial and other resources are in place to deliver the group strategy.
Aster Foundation	One of our subsidiary boards is the Aster Foundation which supports Aster Group's vision of 'everyone has a home' by creating impact programmes which enable people to sustain those homes when life challenges get in the way; whilst also addressing the root of the challenges through **inc.** and our influencing programme.

Key activities

Governance activities began for the acquisition between Aster Group and London-based Central & Cecil Housing Trust (C&C). Following the acquisition, work began on the formation of a new committee as part of the agreements made with C&C.

Aster Foundation was granted official charity status by the Charity Commission and is now a registered Charitable Incorporated Organisation.

Governance for the group was impacted by COVID-19 restrictions within the United Kingdom during financial year 2021/2022. With the existing digital governance and flexible working infrastructure already in place at Aster the boards were able to hold all scheduled meetings virtually with little disruption.

Corporate Governance

Report

What is the UK governance Code?

Our governance framework at Aster is structured on the UK Corporate Governance Code ("the Code"). The Code sets out the standards of good practice and the principles that the board of directors should apply in order to promote the purpose, values, and future success of the company.

Main principles of the Code

The Code is a guide to a number of key components of effective board practice. It is based on the underlying principles of all good governance: accountability, transparency, probity and focus on the sustainable success of an entity over the longer term.

The Code in the Annual Report

For further information about Aster's alignment with the core principles of the UK Code;

1. **Board Leadership and Company Purpose**
   Our Vision and Strategy
   See page **61**
2. **Division of Responsibilities**
   Statement of Director's Responsibilities
   See page **85**
3. **Composition, Succession and Evaluation**
   Board of Directors
   See page **76**
4. **Audit, Risk and Internal Control**
   Risk Management
   See pages **72** to **73**
5. **Remuneration**
   Directors Remuneration Report
   See page **82** to **83**

Aster's approach to governance

Aster is committed to ensuring that the business is well-run and that we are true to our social purpose and the vision and values which drive our success. Governance is key to ensuring the group can achieve its mission whilst ensuring that we deliver safe, sustainable, cost effective and legally compliant services.

Compliance with the Code

The UK Code works on a comply or explain basis. Except as referred to below, Aster Group Limited and its subsidiaries (the group) have complied with all relevant principles of the Code throughout the year. The board of Aster Group Limited sets the standard of governance across the group and ensures compliance with the Code.

- (9.4) If, exceptionally, it is proposed that the CEO is appointed as Chair, major shareholders should be consulted ahead of appointment..

The majority of Boards across the Aster Group have a non-executive Chair. The group CEO is the Chair of two operational subsidiaries (Central & Cecil Innovations Limited and Central & Cecil Construction Services Limited). This appointment was agreed in consultation with the chair of the Group Parent Board, the parent being the main shareholder. Five operational subsidiaries have all executive boards;

- (18.1) All directors should be subject to annual re-election.

Aster's non-executive board members are appointed for a maximum of three years at a time. The Chair of the significant entities is appointed on an annual basis. Chairs of operational subsidiaries are Executives and are reviewed from time to time. The group board is confident that the evaluation of the individual directors sitting on these specialist boards, through day-to-day monitoring of performance by the Overlap Boards, Executive Board, and operational panels, ensures they are fit for purpose.

- (21) There should be a formal and rigorous annual evaluation of the performance of the board, its committees, the chair and individual directors.

The Group Remuneration & Nominations Committee is committed to annual evaluation of the boards and committees. The scale of the business and meeting calendars mean that the evaluation cycle extends beyond 12 months but no longer than 18 months.

Compliance snapshot

Of the 41 Provisions set out by the Code, the table below highlights those which were not applicable to Aster as an organisation, along with the provisions we have explained our approach to (further information to the above).

1 Board Leadership and Company Purpose	1	2	3	4	5	6	7	8		
2 Division of Responsibilities	9	10	11	12	13	14	15	16		
3 Composition, Succession and Evaluation	17	18	19	20	21	22	23			
4 Audit, Risk and Internal Control	24	25	26	27	28	29	30	31		
5 Remuneration	32	33	34	35	36	37	38	39	40	41

Complied Explained Not applicable

National Housing Federation (NHF) Code of Governance 2015

Central & Cecil Housing Trust and their entities along with East Boro Housing Trust Limited have adopted the 2015 NHF Code of Governance. The code aims to help Boards in all sectors to achieve a set of standards in order to be well governed. These entities are fully compliant with the NHF Code.

From April 2022 both CCHT and its entities and EBHT adopted the UK Corporate Governance Code.

The role of the Board – What do we expect of our Board?

The Board's role is to provide leadership to the group and direction for management. It is collectively responsible for the long-term success of the group and for ensuring the group is appropriately managed and operates responsibly as it pursues its objectives.

The Board assesses the performance of the group by reviewing management, operational performance, and financial performance of the group as a whole.

Director expectations

The Directors have various individual obligations under the Companies Act 2006, the entity constitution and the UK Corporate Governance Code 2018.

Along with this they also have collective responsibilities as a board.

What are they responsible for?

The Board is responsible for ensuring that the necessary resources are provided for the group to meet its objectives. In particular, the Board is responsible for setting strategy, determining risk appetite, ensuring good governance, decision making, promoting good behaviour and succession planning. The Board ensures the executive delivers the strategy and that the Board receives appropriate assurance that the executive is managing risk and compliance.

Board meetings

The Board meets regularly throughout the year to effectively discharge its duties; during the year it has met eleven times and there is frequent contact between meetings. Alongside this five strategy sessions were held.

In addition to the formal meetings, the Board has held two strategy days with the independent committee members and senior executives.

The Board has urgency procedures to ensure that it can respond to unforeseen circumstances although forward planning ensures these arrangements are rarely used.

Operation of the Board – What does our board do?

To ensure that the Board fulfils its terms of reference the Board has a planned programme of agenda items. This agenda plan guarantees that key areas are discussed and allows Board members sufficient time for debate and challenge, particularly on areas such as strategy and risk.

At Board meetings the Board receives and considers papers and presentations from management on relevant topics. All reports to the Board consider the various risks, strategic impact, along with the customer and community impact introduced by the papers.

Effective scrutiny and decision making are supported by ensuring that the board is provided with high quality, accurate, clear and timely information including input from experts and independent advisers where necessary. The board seeks to work in the best interests of the group and its stakeholders. As part of the board evaluation process, the approach to board reporting is regularly reviewed.

Who is on our Overlap Boards?

See page **58**

- **Mike Biles**, Chairman
- **Clive Barnett**
- **Chris Benn**
- **Bjorn Howard**
- **Andrew Kluth**
- **Mike McCullen**
- **Tracey Peters**
- **Caroline Wehrle**
- **Claire Whitaker** OBE
- **Amanda Williams**

Who is on our Executive Board?

See page **59**

- **Bjorn Howard**, Chair
- **Chris Benn**
- **Rachel Credidio**
- **Dawn Fowler-Stevens**
- **Emma O'Shea**
- **Amanda Williams**

Report

The division of responsibilities between the Group chairman and the Group chief executive

Aster keeps a clear division of responsibilities between the running of the Board and the executive responsibility for the running of the business. No single individual has unfettered powers of decision.

The Group chairman's and Group chief executive's roles are separate and the division of responsibilities between these roles is clearly established in their individual role profiles. A periodic review of standing orders and financial regulations by the governance team, the Board and the Group Audit Committee during the year confirmed the division of responsibilities as fit for purpose.

The role of the Chairman

Mike Biles, the Group chairman since 1 October 2019, leads the Board and is an independent non-executive director. He is responsible for ensuring an effective Board and effective contributions from individual directors, particularly non-executive directors, based on a culture of mutual respect, openness, debate, and constructive challenge. To achieve this, he seeks to facilitate and encourage open communication and constructive working relations between the executive and non-executive directors. He also seeks to ensure that the executive directors are responsive to constructive challenge on their proposals by the non-executive directors.

As chairman, Mike sets the Board's agenda and ensures that there is adequate time to discuss all agenda items. The Board maintains a rolling 12 month agenda plan designed to ensure that it has the right amount of time throughout the year to discuss all necessary matters. In particular, the Board has sought to ensure there is sufficient time to discuss strategy so that the non-executive directors have a good opportunity to challenge and help develop strategy proposals. In addition, the chairman monitors, with assistance from the company secretary, the information distributed to the Board to ensure it is of high quality, accurate, clear and timely.

The role of the Group chief executive

The Group chief executive, Bjorn Howard, has day to day management responsibility for running the group's operations, for applying group policies and for implementing the group's strategy and policies as agreed by the Board. He has the broad authority from the Board to run the group and he is accountable for, and reports to the Board on, how it is performing. Bjorn also has a key role in the process for the setting and review of group strategy. More broadly, he promotes the company's culture and standards throughout the group, including those on governance, risk and compliance.

The role of the Company secretary

David Betteridge has been the group's Company secretary since February 2018. David Betteridge is secretary to the Board and its committees. David reports to the Group chairman on Board governance matters and, together with the Group chairman, David keeps the efficacy of the company's and the Board's governance processes under review and considers improvements. David is also responsible to the Board for compliance with Board procedures.

David is responsible, through the Group chairman, for advising and keeping the Board up to date on all legislative, regulatory and governance matters and developments. David's responsibilities include ensuring good information flows within the Board and its committees and between senior management and non-executive directors. He also facilitates induction and assists with professional development as required. The Company secretary's advice, services and support are available to each director, independent member and co-optee.

The role of the non-executive directors

The role of the non-executive directors is to scrutinise management's performance in meeting agreed goals and objectives and to monitor how that performance is reported. They must also be satisfied with the integrity of the group's financial information and with the robustness and defensibility of financial and non-financial controls and risk management systems.

As members of the Board, the non-executive directors have a key role in constructively challenging in all areas. This is vital to the independence and objectivity of the board's deliberations and decision making and is particularly important in helping develop proposals on strategy. The non-executive directors met at least once during the year without executives present.

The Group chief executive and the other executive directors welcome, and are responsive to, constructive challenge by the non-executive directors on their proposals. The non-executive directors' role is then to support the decisions that have been taken and to support the executive team in their delivery. Non-executive directors also play an important part in supporting the chairperson and the executive directors in embracing and representing the company's culture, values, and standards within the Board and throughout Aster.

The non-executive directors are responsible for determining appropriate levels of remuneration for the executive directors and have a prime role in appointing and where necessary removing executive directors, and in succession planning.

The role of the senior independent director

Tracey Peters has been the senior independent director since 1 October 2019.

As Senior independent director, Tracey's role is to provide a sounding Board for Mike Biles, Group chairman; to act, when necessary, as a focal point and intermediary for the concerns of the other non-executive directors and to ensure that any key issues that are not being addressed by the chairman or the executive management are taken up. Tracey has a regular dialogue with Mike regarding current issues. While no significant issues have arisen in the year, should any such challenges arise which threaten the stability of the group or its board, it is recognised that the senior independent director may be required to work with the chairperson or others or to intervene to resolve them. Tracey ensures a strong independent link between the board and Aster's customers and chairs the Customer and Community Network.

The senior independent director is available to shareholders should they have concerns which have not been resolved from contact through the normal channels of chairman, chief executive, or other executive directors or if the normal channels may be inappropriate. The senior independent director is responsible for leading the annual appraisal of the chairperson's performance. The senior independent director plays an important role by ensuring there is an orderly succession process for succession to the chairpersonship of the group.

The role of the executive directors

The executive directors have specific responsibilities relating to the areas of the business they oversee. Their duties extend beyond their own businesses to include the whole of the group's operations and activities.

The role of independent committee members

Independent committee members are members of the committees but are not full non-executive directors. Their role is also to scrutinise management's performance in meeting agreed goals and objectives and to monitor how that performance is reported. As committee members, they have an independent role which is used to constructively challenge in all areas. This is vital to the independence and objectivity of each committee in decision-making and is particularly important in providing independent assurance to the entity boards on the activities of the group.

The role of Aster Foundation

The Aster Foundation was created by Aster Group in response to government welfare policy changes in 2016 and increasing inequalities across the UK and Aster communities; also as a way to highlight the additional work carried out by the Group to create social impact in the places which needed it the most.

Board committees

The Board ensures that its committees are provided with sufficient resources to undertake their duties, including access to the services of the Company secretary as required. Each committee has the authority to seek any information that it requires from any officer or employee of the company or its subsidiaries. Each committee is also authorised by the Board to take independent advice (including legal or other professional guidance), at the company's expense, as it considers necessary. Specific independent consultancy is available to the Group Remuneration and Nominations Committee and the Group Treasury Committee and the details are contained in the respective committee reports.

The board committees' terms of reference

Each board committee has written terms of reference which are available on the Aster website. These terms have been approved by the board and are reviewed periodically to ensure that they comply with the latest legal and regulatory requirements and reflect developments in best practice. The committees formally report to the board on their proceedings after each meeting and generally on all matters and activities for which they are responsible via committee minutes.

Board committee membership

Each independent non-executive director is a member of at least one Board committee.

When deciding the chairmanship and membership of Board committees, the Board takes into account the value of ensuring that committee membership is refreshed and seeks to ensure that undue reliance is not placed on particular individuals.

Report

Group Treasury Committee

The committee provides strong technical and strategic scrutiny of the group's treasury functions. It ensures affordable capital is available to support the ambitious development programme while also ensuring the group operates within the financial covenants agreed with lenders.

The committee regularly reviews the treasury risks included on the group's strategic risk map. The committee has appointed Chatham Financial as its advisors.

The Group Treasury Committee met four times during the year. As well as receiving regular and comprehensive key performance reports including covenant compliance, and scrutinising risks associated with treasury management during the year, the Group Treasury Committee:

- Continuously monitored the availability of future funds to maintain the development programme in an economic and timely manner;
- Took assurance on the risk and compliance dashboard;
- Approved the annual treasury plan and measured progress against it;
- Regularly reviewed the availability of security to support financing;
- Approved the Risk Map, Securities Dealing Policy, Treasury Management Policy, and Financial Investment Policy; and
- Took assurance on the comprehensive strategy to deal with the London Interbank Offer Rate (LIBOR) transition to Sterling Overnight Interbank Average Rate (SONIA) across the Aster Group's loan and International Swaps and Derivatives Association (ISDA) facilities and any other LIBOR contracts.

Who is on our Group Treasury Committee?

- **Andrew Kluth**
  Chair, (non-executive director)
- **Clive Barnett**
  (non-executive director)
- **Mat Cooling**
  (independent member)
- **David Doyle**
  (independent member)
- **Caroline Wehrle**
  (non-executive director)

Group Remuneration and Nominations Committee

The committee's role and work on remuneration is set out in the Remuneration Report and details of its work in relation to appointments is set out above within the review of compliance with the UK Code.

The current chairperson has the skills and experience to chair GRNC and meets the corporate code requirements.

The committee met five times during the year.

Who is on our Group Remuneration and Nominations Committee?

- **Mike McCullen**
  Chair, (non-executive director)
- **Mike Biles**
  (Group chairman)
- **David Doyle**
  (independent member)
- **Tracey Peters**
  (senior independent director)
- **Richard Teather**
  (independent member)

Group Audit Committee

The Group Audit Committee (GAC) oversees the group's financial reporting, audit, control processes and recommends the annual accounts to entity boards.

The committee met five times during the year including one joint meeting with the Group Risk and Compliance Committee (GRCC) and, in addition to recommending the approval of the statutory accounts and reports thereon and trading updates, considered the following matters:

- Approved and monitored the internal and external audit plan;
- Monitored the completion of management actions from internal audits;
- Monitored the effectiveness of the Assets & Liabilities Framework;
- Reviewed the group's standing orders and financial regulations;
- Received regular updates on the Speak Up and Fraud registers;
- Received reports on numerous audit areas such as; Water Quality, Materials management, core financial controls, purchasing and payments, anti-social behaviour, New property additions, Payroll, Budget Management, Property Charging, Radon;
- Approved the Non-audit fee policy;
- Review of the quality of internal audit;
- Received assurance from the annual review of the Delegation Matrix; and
- Received internal audit reports on a range of areas.

The committee met with external auditors with no executives present on at least one occasion.

The purpose of the Joint GAC/GRCC meeting was so that the two committees might work together to consider:

- Matters concerning both 'audit' and 'risk',
- How they might avoid duplication of effort, and
- To ensure there are not gaps between the supervision provided by both committees.

Who is on our Group Audit Committee?

- **Clive Barnett**
  Chair, (non-executive director)
- **David Finch**
  (independent member)
- **Mat Cooling**
  (independent member)
- **Richard Teather**
  (independent member)
- **Claire Whitaker** OBE
  (non-executive director)

Aster 55 Committee

The Aster 55 Committee leads the development of a strategic plan, offer and delivery model for the provision of over 55s services across the group. Since its formation in January 2022 the Committee have met once. The committee agreed their terms of reference, the framework of the development plan for Aster 55, and received updates from across the business including customer led panels.

Who is on our Aster 55 Committee?

- **Peter Walters**
  Chair, (independent member)
- **Julia Ashley**
  (executive)
- **Bjorn Howard**
  (executive)
- **Paul Shipley**
  (independent member)
- **Richard Teather**
  (independent member)

Group Risk and Compliance Committee

The Group Risk and Compliance Committee helps to ensure that Aster has an effective framework and process to identify, assess and manage risk and compliance across its business.

The committee met five times during the year including one joint meeting with the Group Audit Committee. As well as receiving regular reports to assist its supervision of risk and compliance across Aster, the committee also:

- Received assurance of the risk management and business resilience report;
- Received assurance from the Environmental Management annual report;
- Received assurance from the compliance management report, risk management report, Board & Committee Evaluation Report;
- Received standard compliance management and compliance framework reports;
- Approved the Business Resilience Policy; and
- Recommended Strategic Risk Appetite statements.

Who is on our Group Risk and Compliance Committee?

- **Caroline Wehrle**
  Chair, (non-executive director)
- **Mike Biles**
  (Group chairman)
- **Cathy Day**
  (independent member)
- **David Finch**
  (independent member)
- **Mike McCullen**
  (non-executive director)
- **Gary McRae**
  (Co-optee)

Customer and Community Network

The Customer and Community Network oversees service delivery to all of Aster's customers and the work it does for its communities.

The network met six times during the year and as well as receiving regular customer related performance, compliance and risk management reports, also:

- Received updates on progress against Customer Services and Aster Foundation strategies;
- Received regular updates from and fed back to the Overlap Boards, the Executive Board, the Customer Experience Panel and the Programme Experience Steering Group;
- Received assurance on the current compliance assessments;
- Received updates on customer complaints and compliments including an annual report;
- Monitored customer service programmes;
- Received reports on the review of the Customer Service Strategy, including digital evolution; and
- Received regular reports from both the Customer Overview Group and the Customer Scrutiny Panel.

Who is on our Customer and Community Network (CCN)?

- **Tracey Peters**
  Chair, (senior independent director)
- **Tracy Aarons**
  (independent member)
- **Chris Bain**
  (independent member)
- **Jean Dalziel**
  (executive)
- **Denise Harper**
  (independent member)
- **Bjorn Howard**
  (executive)
- **Angela Powney**
  (co-optee)
- **Emma O'Shea**
  (executive)
- **Mark Skellon**
  (independent member)
- **Stephanie Taylor**
  (independent member)
- **Claire Whitaker** OBE
  (non-executive director)
- **Phil Insuli**
  (independent member), joined the CCN during at the beginning of 2022

Report

Attendance at Board and committee meetings

Set out below is the Board and committee members' attendance at the group's meetings. Attendance may be lower than the number of possible meetings due to the director or committee member only holding office for part of the year. Where this is the case the percentage in the table reflects the percentage of the possible attendance.

Group Board and committees	Overlap Boards*	Aster Communities	Group Executive Board	Customer and Community Network	Group Audit Committee	Group Remuneration and Nominations Committee	Group Risk and Compliance Committee	Group Treasury Committee	Aster 55 Committee	Aster Foundation	East Boro Housing Trust Board
Number of meetings	**9**	**4**	**16**	**6**	**5**	**5**	**5**	**4**	**1**	**1**	**9**
Clive Barnett [1]	**9** (100%)	**4** (100%)			**5** (80%)			**4** (100%)		**1** (100%)	
Chris Benn	**9** (100%)	**4** (100%)	**15** (94%)								
Mike Biles [2]	**9** (100%)	**4** (100%)				**4** (80%)	**4** (80%)				
Bjorn Howard [3]	**9** (100%)	**4** (100%)	**16** (100%)	**6** (100%)					**1** (100%)		
Andrew Kluth	**9** (100%)	**4** (100%)						**4** (100%)			
Mike McCullen	**8** (89%)	**3** (75%)				**5** (100%)	**5** (100%)				
Tracey Peters [4]	**9** (100%)	**4** (100%)		**6** (100%)		**5** (100%)					**4** (100%)
Caroline Wehrle	**8** (89%)	**4** (100%)					**5** (100%)	**4** (100%)			
Claire Whitaker OBE [5]	**8** (89%)	**4** (100%)		**5** (83%)	**4** (80%)						
Amanda Williams	**9** (100%)	**4** (100%)	**15** (94%)								
Rachel Credidio			**16** (100%)								
Dawn Fowler-Stevens			**16** (100%)								
Emma O'Shea			**16** (100%)	**6** (100%)							
Julia Ashley [6]									**1** (100%)		
Tracy Aarons				**5** (83%)							
Chris Bain				**5** (83%)							
Jean Dalziel				**6** (100%)							
Denise Harper				**6** (100%)							
Phil Insuli [7]				**2** (100%)							
Angela Powney				**5** (83%)							
Mark Skellon				**5** (83%)							
Stephanie Taylor				**3** (75%)							
Mat Cooling [8]					**5** (100%)			**4** (100%)		**1** (100%)	
Cathy Day							**5** (100%)				
David Doyle						**5** (100%)		**4** (100%)			**7** (78%)
David Finch					**5** (100%)		**5** (100%)				
Gary McRae							**5** (100%)				
Farhan Shakoor [9]										**1** (100%)	
Paul Shopley [10]									**1** (100%)		
Richard Teather					**5** (100%)	**5** (100%)			**1** (100%)		
Peter Walters [11]									**1** (100%)		
Amanda Wiggan [12]										**1** (100%)	
Richard Clewer [13]		**3** (75%)									
Nigel Woollcombe-Adams [14]		**3** (75%)									
Val Bagnall											**7** (78%)
Malcolm Baker											**9** (100%)
Gerald Duke											**6** (67%)
Kate Dukes											**8** (89%)
Ray Evans											**9** (100%)
Eileen Hayward											**9** (100%)
Cyril Lanch											**8** (89%)
Jacki O'Shea											**8** (89%)

***Overlap Boards** (includes Aster Group Limited, Aster Property Limited, Aster Living, Aster Homes Limited, Aster 3 Limited, Synergy Housing Limited, Central & Cecil Housing Trust and 55 London)

1. **Clive Barnett** was appointed as a Trustee to the Aster Foundation Board on 4 March 2022.
2. **Mike Biles** was reappointed as Group chair on 1 October 2021 for one year.
3. **Bjorn Howard** was appointed as an Executive member of the Aster 55 Committee on 1 January 2022.
4. **Tracey Peters** was appointed as a Director of East Boro Housing Trust Limited Board from 10 November 2021.
5. **Claire Whitaker** OBE was appointed as Non-executive director to the Overlap Boards on 12 August 2021 and remained as a member of the Customer and Community Network and the Group Audit Committee.
6. **Julia Ashley** was appointed as an Executive member of the Aster 55 Committee on 1 January 2022.
7. **Phil Insuli** was appointed as an Independent member of the Customer and Community Network on 1 January 202287Mat Cooling was appointed as a Trustee to the Aster Foundation Board on 4 March 2022.
8. **Mat Cooling** was appointed as a Trustee of the Aster Foundation Board on 4 March 2022.
9. **Farhan Shakoor** was appointed as a Trustee of the Aster Foundation Board on 4 March 2022.
10. **Paul Shipley** was appointed as an Independent member of the Aster 55 Committee on 1 January 2022.
11. **Peter Walters** was appointed as an Independent member, and as Chair, of the Aster 55 Committee on 1 January 2022.
12. **Amanda Wiggan** was appointed as a Trustee, and as Chair, of the Aster Foundation Board on 4 March 2022.
13. **Non-Executive Local Authority Nominee**.
14. **Non-Executive Local Authority Nominee** - retired due to his passing on 11 July 2022.

Report

Involving Others

Workforce engagement - Our people

The Board champions the "Aster Way", a cultural programme that is a shared understanding of the way colleagues work – creating a fair and inclusive culture. It is a set of straightforward principles that underpin everything the group does, every day. From how the Board leads and the business learns, to how colleagues collaborate, communicate, and innovate to enable us to achieve our vision - that everyone has a home.

Colleagues are supported by the Aster Offer, mental health support, and the adoption of restorative practice throughout the organisation.

The Aster Way ensures a continuous dialogue with the public and the workforce through its transformation network and formal workforce consultative panel, the Colleague Council, the membership of which is chosen by the workforce.

The Group Audit Committee supervises the group "Speak Up" procedures and receives updates on the outcome of any investigations prompted by the use of the procedure. Investigations are independently supervised by the Company secretary or the Director of audit as appropriate.

Customers and Governance

The Customer Overview Group provides an overview of customer priorities and involvement options to support the delivery of the Corporate Strategy, while being mindful of the economic, political and regulatory environment that Aster operates in. It will focus on operational performance, customer facing policy and the customer experience making referrals to the Customer Scrutiny Panel on potential scrutiny projects where appropriate. It will work collaboratively with the Customer Community Network, Executive Board and entity boards to ensure priorities are clearly communicated. Membership is open to all customers receiving services across Aster Group.

Dialogue with shareholders

The Board welcomes the opportunity to openly engage with shareholders as it recognises the importance of a continuing effective dialogue. The Board takes responsibility for ensuring that such dialogue takes place.

In preparation for the Annual General Meetings, shareholders were advised there would be time for their questions and encouraged them to engage wherever appropriate.

During the year, shareholders received three copies of "Open Door" our shareholder briefing. The Annual General meetings were held following a virtual event for all the group's stakeholders, including shareholders.

Board Effectiveness

Board evaluation

Evaluation of the Board and its operational subsidiaries was last presented to the parent Board at its May 2021 meeting. The Board agreed an action plan, the completion of which was monitored by the Group Remuneration & Nominations Committee (GRNC). The evaluation demonstrated an open and professional relationship with the senior executives, matched with strong challenge. Improvements proposed reflected the Board's keenness to refresh the growth strategy that had inevitably slowed during the pandemic, a desire to further enhance market intelligence briefings and practical and procedural improvements.

The last external board evaluation was undertaken by Altair Limited, a specialist housing consultancy, in 2018 which was fed back to the parent board in May 2019. At its February 2022 meeting, the GRNC commissioned a full governance review of the group, that will encompass board evaluation. The evaluation will be carried out by an external consultancy and report back during 2022/2023 financial year.

The Board's intention remains to undertake an externally facilitated evaluation process at least every three years and that in the intervening years the review will be led by the chairman, senior independent director and the company secretary.

Individual board appraisals

At its November 2021 meeting the GRNC commissioned the appraisal of individual Board and committee members, the findings of which were presented to the parent Board at its June 2022 meeting. The process involved the Board and committee chairs interviewing each member, supported by dominance, influence, steadiness and conscientiousness (DISC) personality profiling. Findings confirmed that individuals continued to contribute effectively to the governance of the group. An improvement plan has been adopted that seeks to further develop the effective challenge of executives, to remind the Boards of the existing customer voice mechanisms and to further enhance horizon scanning, as well as agreeing some practical and procedural improvements.

The composition of the Board

The composition and size of the Board and its committees are reviewed regularly by the Group Remuneration and Nominations Committee to ensure they have the appropriate balance of skills, experience, independence, and knowledge of the group to enable them to discharge their respective duties and responsibilities effectively.

Appointment to the Board and its committees

The Board, through the Group Remuneration and Nominations Committee, follows a formal, rigorous, and transparent procedure to select and appoint new Board directors. The processes are similar for the appointment of executive and non-executive directors. The committee leads the process and makes recommendations to the Board. In considering Board composition, the committee assesses the range and balance of skills, experience, knowledge, and independence on the Board, identifies any gaps or issues and considers any need to refresh the Board. If, after this evaluation, the committee feels that it is necessary to appoint a new director, it then prepares a description of the role and of the capabilities required for the appointment and sets objective selection criteria accordingly. The benefits of diversity on the Board, are carefully considered.

The committee considers any proposed recruitment in the context of the group's strategic priorities, plans and objectives, as well as the prevailing business environment. It also takes into account succession plans in place and this is discussed further under 'Succession Planning' below. It seeks prospective non-executive directors who can make positive contributions to the board and its committees and who have the capability to challenge on strategic and other matters.

The group's business is diverse in scope and carries strategic, commercial, and financial risks. Accordingly, attention is paid to the composition and balance of the Board to ensure that it has wide experience of the industry and regulatory environment in which the group operates, and appropriate financial, operational and risk management skills. In each Board appointment, whether executive or non-executive, objectivity, and integrity, as well as skills, experience, ability, and diversity, assist the Board in its key functions, and are prerequisites for appointment. This also applies to senior management appointments below Board level.

The group considers that the Board's collective experiences equip it to direct the group's strategy and meet its business needs as they evolve over time. The succession plan ensures the Board remains mindful that an appropriate balance between directors who can bring a new perspective and those who provide continuity is essential.

Directors' conflicts of interest

The Companies Act 2006 provides that directors must avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the company's interests. The Board has established procedures for the disclosure by directors of any such conflicts and for the consideration and authorisation of these conflicts by the Board.

Whenever a director takes on additional external responsibilities, the Board considers any potential conflicts that may arise and whether the director continues to have enough time to fulfil their role as a director. In accordance with the Act, the board continues to monitor and review potential conflicts of interest on a regular basis and during the year confirmed its code of conduct policy as fit for purpose.

Report

Board Effectiveness (continued)

Board induction and training

Training begins following appointment, with an individual induction programme tailored to meet the needs of each new director. Independent members appointed to the committees receive the same induction. Following induction, check in sessions with the Company secretary are arranged after they have completed 50 and 100 days in the role.

This induction programme aims to introduce new directors and independent members to the group's business, its operations, and its governance arrangements. These individual induction requirements are monitored by the chairman, supported by the Company secretary, to ensure that new and recently appointed directors and independent members gain sufficient knowledge about the group to enable them to contribute to the Board's and committee's deliberations as swiftly as possible.

Ongoing training

Ongoing training is essential for all our directors and independent members. Throughout the year this is supported by:

- A development plan, approved by the Group Remuneration and Nominations Committee;
- Training sessions before Board meetings based on strategic requirements and issues identified during evaluation processes;
- Attendance at conferences and ad hoc courses;
- Opportunities to work with managers internally; and
- Deep-dive reviews of business activity to enhance knowledge of operational areas.

Information and support

Ensuring that the board receives the right information in the right form and at the right time enables the Board to effectively discharge its duties.

The Group chairman, through the Company secretary and with the support of the executive directors and management, ensures that information is of high quality in terms of its accuracy, clarity, appropriateness, comprehensiveness, and currency. If deemed necessary to discharge their responsibilities as directors, they can seek clarification, both internally and externally with independent professional advice at the company's expense.

Diversity

The Board considers that it is the background and experience brought to the Board by each individual that best secures and demonstrates its diversity. The Board is well-placed by the mixture of skills, experience, and knowledge of its directors to act in the best interests of the group.

The Group Remuneration and Nominations Committee (GRNC) is responsible for the appointments and the group does not apply fixed quotas to recruitment recommendations. The GRNC considers candidates based on their capability and capacity to commit the necessary time to the role. The aim is the appointment of the most suitably qualified candidate to complement and balance the skills, knowledge, and experience of the Board, seeking to appoint those who |will be best able to help lead the group in its long-term strategy. Every effort is made to ensure recruitment methods attract applications from all members of the community.

Succession planning

The Board recognises that effective succession planning is not only a fundamental component of board effectiveness but is also integral to the delivery of Aster's strategic plans. It is essential in ensuring a continuous level of quality in management, in promoting diversity and in avoiding instability by helping to mitigate the risks which may be associated with any unforeseen events, such as the departure of a key individual.

The Board has endorsed a succession policy and the Group Remuneration and Nominations Committee routinely reviews the plan for the Overlap Boards and the committees to facilitate future recruitment in a timely manner. The committee works to ensure a continuous flow of talent is available through developing existing directors and independent members alongside identifying suitable external candidates to ensure new talent and ideas, and the ongoing maintenance of skills.

Time commitment of the chairman and the non-executive directors

The Board recognises that it is vital that all directors should be able to dedicate enough time to Aster Group to effectively discharge their responsibilities. The time commitment required by Aster is considered by the board and by individual directors on appointment.

The agreement for services for the appointment of the chairman and of each non-executive director sets out that they will have sufficient time to meet what is expected of them for the proper performance of their duties and acknowledge that there may, on occasion, be a need to devote additional time. The other significant commitments of the chairman and of each non-executive director are disclosed to the Board before appointment, with an indication of the time involved.

Report

Annual statement on internal control for the year-ending **31 MARCH 2022**

Introduction

The Aster Group Limited Board has overall responsibility for establishing and maintaining a system for internal control appropriate to the various business environments in which it operates and for reviewing the effectiveness of these arrangements. This system of internal control is in accordance with the UK Corporate Governance Code and is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group Audit Committee provides oversight on behalf of the Board regarding the system of internal control and regularly reviews its effectiveness.

Operational management

During 2021/2022, the Executive Board was supported by four operational governance panels, providing detailed scrutiny on behalf of, and providing assurance to, the Executive Board.

Internal Audit

The group's internal audit function is led by the Director of Audit. There is also an outsource arrangement with internal audit providers to provide support where there is an identified resource need or a requirement for specialist input.

The annual programme of internal audit work for 2021/2022, approved by the Group Audit Committee, was risk-based and informed by the strategic plan, risk register, compliance framework and management requests.

Regulator of Social Housing - Regulatory Standards

As a Registered Provider, the group's primary regulatory framework is the Regulator of Social Housing's (RSH) Regulatory Framework for Social Housing in England.

Each regulatory standard is held centrally in the group's compliance register, detailing both the required outcomes and specific expectations of each standard and how the business achieves these expectations through its processes, arrangements and controls. The records detail evidenced assurance that these arrangements are effective in achieving compliance with the standards and delivering the right outcomes for customers. Annually, a detailed self-assessment is undertaken by a second line function to provide additional assurance to the Group Risk & Compliance Committee.

Based on these assessments and mapped assurances, the Board is assured that the group is compliant with the Regulatory Framework, including the Governance and Financial Viability Standard and its supporting Code of Practice.

Legal and Regulatory Compliance

The group recognises that its commitment to complying with the legal and regulatory obligations placed upon it and taking an ethical approach to business management is critical to ensuring the continued trust of its stakeholders and customers.

Legislation and regulation are analysed in detailed assessments within the Compliance Register which:

- includes how a law or regulation affects the group, the controls in place to ensure compliance or prevent non-compliance and the assurance available that these remain effective;
- directs focus on the highest compliance risks and critical processes;
- provides exception reporting to the Group Risk & Compliance Committee; and
- provides a continuous process of compliance assurance to the entity Boards, Group Risk & Compliance, Group Audit Committee and Executive Board.

Assurance

The group utilises the 'three lines' approach to assurance: day-to-day, assurance is gained at the operational and management level; routinely, through overview by specialist functions and the governing bodies; and, on occasion, independent assurance is gained through internal or external audits or accreditation. Independent assurance is also the group's fourth cornerstone in its approach to strong governance and assurance.

Assurance across these three lines is regularly evidenced in relation to all identified risks and primary compliance obligations.

The group's internal auditors have submitted their annual report that includes reference to the standard of control that has been achieved throughout the year and generally shows a strong compliance with controls.

The standards of control have been reported to the Group Audit Committee in regular internal audit reports.

In addition to controls detailed elsewhere in this statement, the directors derived assurance from the following internal and external controls during 2021/2022:

- clearly defined responsibilities for the identification, assessment, and response to significant risks;
- robust business planning processes with detailed budgets and a living business plan;
- a detailed approach to treasury management, including monitoring of loan covenants, scrutinised by the Group Treasury Committee;
- delegations of authority for all financial transactions and segregation of duties where appropriate and cost-effective;
- internal business and financial monitoring reports and performance indicators reported monthly against risk-based tolerances;
- implementation of policies and procedures for key business activities, approved by the appropriate panel, committee or board;
- established authorisation and appraisal procedures for significant new initiatives and commitments;
- clearly delegated responsibilities and authorities for provision of and receiving of assurance information;
- an annual review of compliance with the UK Corporate Governance Code;
- clearly defined responsibility and accountability for areas of legal and regulatory compliance; and
- independent third-party reviews.

Fraud and dishonest behaviours

The group values its reputation and is committed to maintaining the highest possible ethical standards in all its business activities, including a commitment to reducing the risk of dishonest behaviour within the business to an absolute minimum and keeping it at that level, to ensure that its resources are used to deliver its vital services to its tenants and other customers.

The group has an honesty policy, which covers fraud, theft and bribery and also provides a framework for responding to suspicions of dishonest behaviour, which includes tenancy fraud. The group's probity guidance and Board code of conduct make it clear that it has zero tolerance of any form of bribery.

In addition, the group has a 'Speak Up' policy that encourages employees and others to express any serious concerns regarding suspected misconduct or malpractice within the business or by third parties with which it works. The group also has a designated money laundering reporting officer and has, during 2021/2022, reviewed the related policy, procedure and operational arrangements.

The Group Audit Committee receives regular updates in relation to fraud or attempted fraud and any Speak Up reports received.

Conclusion

I, Bjorn Howard, Group CEO of the Aster Group, am satisfied that there is sufficient evidence to confirm that adequate systems of internal control existed and operated throughout the year 2021/2022, and that those systems were aligned to an ongoing process for the management of the significant risks facing the group.

Group Audit Committee

Committee members

The committee comprises:

- **Clive Barnett**
  (Chair, non-executive Board member)
- **David Finch**
  (independent member)
- **Richard Teather**
  (independent member)
- **Claire Whitaker** OBE
  (non-executive Board member)
- **Mat Cooling**
  (independent member)

All members of the committee have a high level of financial literacy and have extensive committee and Board experience.

Purpose

The committee meets at least four times each year. Its terms of reference set out that its purpose is to ensure that the group has an effective system of internal controls, appropriate internal and external audit management, and to provide assurance to the group Board.

Main responsibilities

The committee has delegated authority to exercise the powers of the group Board and subsidiary Boards in relation to the following matters:

- External audit:
  - Recommend the financial statements to the Boards;
  - Recommend to the group Board the appointment (or removal) of the external auditors and to agree their terms of engagement, agree the external audit programme, consider all external audit reports including management letters, letters of representation and auditors' independence; and
  - Oversee policies on the engagement of the external auditors to supply non-audit services, taking account of relevant ethical guidance.
- Internal controls:
  - Review the group's internal financial controls and risk management system; and
  - Receive reports of fraud and whistleblowing, reviewing the control framework to ensure controls are appropriate.
- Internal audit:
  - Monitor and review the effectiveness of the group's internal audit function and structure, including utilisation and cost of external resourcing;
  - Approve the internal audit programme and scope of activities; and
  - Consider and make recommendations to the appropriate Boards and committees from internal audit findings.
- Other:
  - Gain assurance on the robustness and accuracy of the assets and liabilities register; and
  - Review and approve internal policies and registers as set out in the committee's terms of reference.

Activity during the year

The Director of Audit is satisfied that the group complies with the audit provisions of the UK Corporate Governance Code. A number of activities were undertaken during the year which support the ongoing work of the committee over and above its core responsibilities outlined above. Those activities include:

- A private meeting held by the members of the committee and the external auditors at the July 2021 meeting of the committee; and
- A joint meeting between members of the Group Audit Committee and the Group Risk and Compliance Committee held in the year which resulted in an action plan to further strengthen and align the workings of both committees.

Viability Statement

In accordance with principle C and provision one of the 2018 Corporate Governance Code, the directors have assessed the viability of the group and have selected a period of seven years for the assessment. The group has a property development programme that runs for a rolling seven-year period. This programme forms the basis of the group's financial plan that covers the seven-year period and is then extrapolated over a further 23 years, resulting in a 30-year plan. For these reasons the group uses a seven-year strategic planning cycle and the directors have determined that seven years is also an appropriate period over which to provide its viability statement.

The financial plan considers the group's future financial stability, property development strategy and the viability of future expense reduction programmes by measuring the operating margin, exposure to the property market, interest cover, gross debt to adjusted profits and net worth ratios over the seven-year period.

The interest cover and net worth ratios are the prominent covenants the group has in its bank loan agreements. These ratios are used as the basis for a full suite of multi-variate stress testing over the life of the plan on a number of realistic, market relevant scenarios.

The stress testing considers the principal risks assessed to have the greatest impact. The group's focus for stress testing in its 2022 financial plan is on the continued risks and disruption caused by COVID-19, particularly around the collection of rent, delays in major repair spend, and significant delays from, and reduction in, property related sales; monitored in parallel with risks associated with exposure to the property market, the impact of further changes to the rent regime, the interest rate environment, and build and other cost inflation.

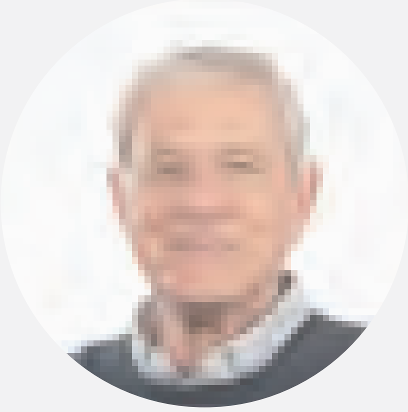
These scenarios are designed to stress and, in some cases, breach the group's covenants. The group applies mitigating items from its established mitigations toolbox to recover these scenarios back to a compliant level. These mitigations include reducing investment in the development programme, issuing emergency liquidity and a number of expenditure freezes.

Based on the results of this analysis, the directors confirm that they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the next seven years.

Board of
Directors

Members of the Board:	The directors of the company who were in office during the year and up to the date of signing the financial statements, unless otherwise indicated, are set out below.	
Non-executive directors:	**Mike Biles**	Group chairman
	Clive Barnett	
	Andrew Kluth	
	Mike McCullen	
	Tracey Peters	Senior independent director
	Caroline Wehrle	
	Claire Whitaker OBE	Appointed 12 August 2021 (Resigned - Co-optee 11 August 2021)
Executive directors:	**Bjorn Howard**	Group chief executive officer
	Chris Benn	Chief financial officer
	Amanda Williams	Chief investment officer
Executive Board:	**Bjorn Howard**	Group chief executive officer
	Chris Benn	Chief financial officer
	Rachel Credidio	Chief transformation officer
	Dawn Fowler-Stevens	Chief strategy officer
	Emma O'Shea	Chief operating officer
	Amanda Williams	Chief investment officer
Company Secretary:	**David Betteridge**	

Mike Biles
Group chairman



Mike has a doctorate in law which analysed residential tenants' non-financial remedies for disrepair and unfitness. He was housing ombudsman for England for 13 years until 2014. This role has given him an extensive understanding of all aspects of rented housing from complaint handling and dispute resolution to customer service and support, building good relations between providers and customers and valuing all forms of feedback to inform and improve systems, behaviours, and service delivery.

Mike has taught and researched Land Law, Landlord and Tenant Law and Housing Law extensively. He has also published articles in this field and has chaired and spoken at numerous national and international industry-related conferences.

Mike was a visiting professor in law at Southampton Business School where he has also held the post of Head of the School of Law. He has been a lawyer member of the Leasehold Valuation Tribunal, as it used to be called, and a member of the management committee of a registered social provider.

Mike is an honorary member of the Chartered Institute of Housing and was a member of the Chartered Institute of Arbitrators and a fellow of the Royal Society of Arts.

Since joining Aster in 2014, Mike has been the Senior independent director, Chair of the Group Audit Committee, and a member of the Customer and Communities Network.

In March 2022, Mike was appointed as an independent non-executive director of the New Homes Ombudsman Service.

Committee membership:

- Group Risk and Compliance Committee
- Group Remuneration and Nominations Committee

Tracey Peters
Non-executive director,
Senior independent director

Tracey is an accomplished Human Resources professional. She has worked as an executive board HR director and has experience in many industry sectors including Retail, Manufacturing and Electronic Banking. She also has twenty years of non-executive director experience with organisations such as Housing Associations, Foundation Trust Hospitals, and a variety of Charitable Arts and Sports organisations.

Tracey has an MSC in Organisational Design and Development and is an Accredited Member of the BACP. She runs a Consulting Practice specialising in Organisational and Personal Development to Senior Executives specialising in supporting new CEOs and Chairs to manage their business through significant change.

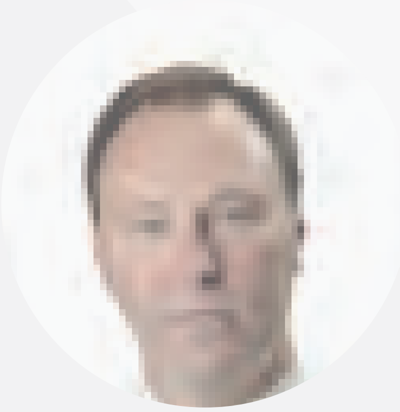
Tracey also works as a volunteer with Relate working in schools with children who are suffering emotional difficulties.

Committee membership:

- Chair of the Customer and Community Network
- Group Remuneration and Nominations Committee

Board of
Directors

Clive Barnett
Non-executive director



Clive retired from RBS/NatWest in 2016 having been head of the bank's housing finance team for many years. He worked within the social housing finance market for over 20 years and was recognised as a leading figure in that sector.

Clive represented RBS within Government circles, including HCA, DGLG and CML Housing Committee.

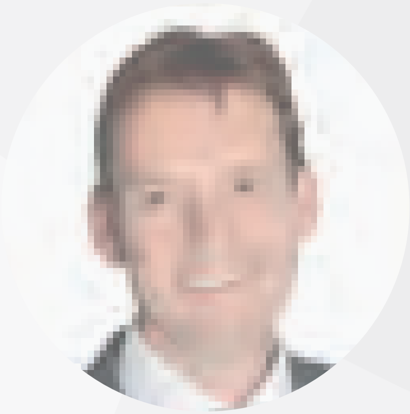
In 2022 Clive was appointed as a trustee to the Aster Foundation charity.

In addition to his role with Aster, Clive also holds other non-executive positions and was also a consultant director with one of the sector's leading treasury advisers for a short while.

Committee membership:

- Chair Group Audit Committee
- Group Treasury Committee

Mike McCullen
Non-executive director



Mike is an accomplished CEO, Chairman and technology entrepreneur with over 30-years' leadership experience in private, public and venture backed businesses specialising in technology for the built environment.

Mike was a co-founder and managing director of the UK's most successful project management software business for the construction industry, which he grew and led to exit in 2006. He is a former group board director of an AIM listed technology business and was CEO of its international construction software and services business for over eight years and he was EVP of the UK's biggest independent construction software business for over two years.

He has extensive overseas experience having led construction technology businesses in Sweden and Germany and established international distribution in Australia, Europe and the USA. He has completed a number of international acquisitions.

Mike started his own consultancy practice in 2015 working as an independent director and consultant advising businesses and private equity firms on investment in technology.

He holds a Computer Science degree (Manchester) and an MBA (Warwick).

Committee membership:

- Group Risk and Compliance Committee
- Group Remuneration and Nominations Committee

ASTER GROUP

Andrew Kluth
Non-executive director

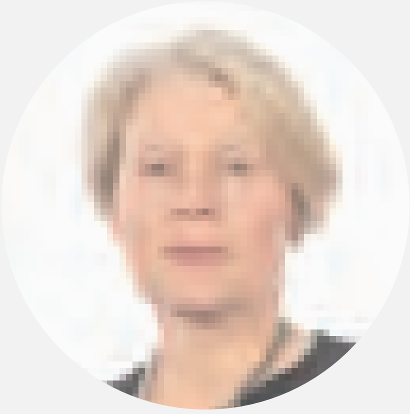
Andrew is a career finance professional specialising in the Treasury arena. He has held a number of senior roles, primarily in the debt finance function within British Gas, Vodafone and National Grid and is currently Head of Treasury at UK Power Networks. In his early career Andrew helped finance Eurotunnel before working on the demerger of Centrica from British Gas and the separation of the Gas Distribution Networks from Lattice Group. Andrew has worked on several large acquisitions globally including Mannesmann at Vodafone and Keyspan Corp at National Grid.

Andrew has held a number of other non-executive posts including as a director of Aerion Fund Management and roles relating to his work as a trustee for various pension schemes.

Committee membership:

- Chair Group Treasury Committee

Caroline Wehrle
Non-executive director



Caroline has spent more than 20 years working in the fields of risk management, audit, internal controls, compliance and ethics, finance and pensions.

The first eight years of Caroline's career were spent working in the engineering sector for WS Atkins, providing technical and quantitative risk management services to public and private sector clients, largely in the rail industry. This included four years spent working in Hong Kong, China and Singapore.

Caroline joined Diageo's internal audit function in 2003 and during 16 years with the business undertook a number of senior finance positions, culminating in her final role, as global risk and compliance director leading an integrated global risk, control, compliance and ethics function. Caroline is passionate about doing business the right way.

Caroline has a BA Hons degree in Risk Management from Glasgow Caledonian University, and an MBA from Bayes Business School.

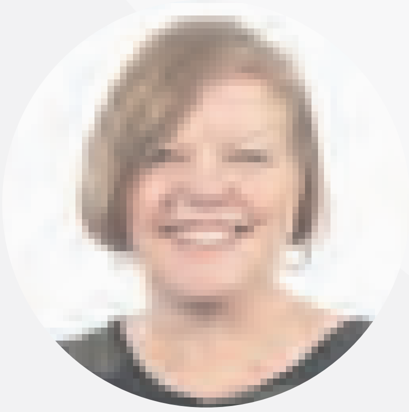
As well as Caroline's role with Aster, she is a non executive director of NHS Property Services Ltd and a trustee director of a large UK pension scheme.

Committee membership:

- Chair Group Risk and Compliance Committee
- Group Treasury Committee

Board of
Directors

Claire Whitaker OBE
Non-executive director



Claire is currently CEO of Southampton's Culture Trust, having led Southampton's shortlisted bid to be UK City of Culture 2025. Her role, which spans culture, events and destination, involves working with Southampton's communities, cultural organisations, businesses, and academic partners locally and in the wider region. Previously, Claire was an Owner/Director of live music producers, Serious, which was known for its high-quality work and engagement with a diverse range of artists and communities across the UK and internationally. Claire is also an advisor on Equality, Diversity and Inclusion, working with organisations across a range of sectors.

Claire has over 25 years of experience in executive and non-executive positions, including being a Trustee of the Paul Hamlyn Foundation, a member of the Cultural Recovery Board, an Ambassador for the Mayor of London's Cultural Leadership Board and a member of the Arts and Creative Industries Advisory Group for the British Council. Prior to Serious, Claire was a Director of Africa95, a cross art form celebration of the arts of Africa which took place across the UK and the African continent and which named President Nelson Mandela, President Leopoldo Senghor and Her Majesty the Queen as its patrons. After the first democratic elections in South Africa, Claire worked closely with the ANC on the country's cultural strategy and helped establish Business Arts South Africa which had then Deputy President, Thabo Mbeki, as its inaugural Chair.

Claire's expertise ranges from the creation and delivery of ambitious arts events and programmes, advising companies and organisations on equality, diversity and inclusion and the development of strategic partnerships with a broad range of stakeholders. She is actively involved in policy development across culture, civil society and placemaking.

Committee membership:

- Group Audit Committee
- Customer and Community Network

Bjorn Howard
Group chief executive officer,
Executive director

Bjorn became Aster's Group CEO in 2009 having previously been the chief executive of a smaller housing association. Since then, Aster's housing business has doubled to over 35,000 homes and has expanded its geographical footprint across southern England.

Bjorn has worked in the independent housing, care and support sectors for more than 30 years and has extensive Board-level experience in both executive and non-executive roles. He has served as a non-executive director for an NHS Trust, educational organisations, regeneration Boards and as a government appointee to a housing association.

Bjorn holds a master's degree in management and is a fellow of the Chartered Institute of Housing and Chartered Management Institute. He is also a member of the Institute of Directors.

Committee membership:

- Customer and Community Network
- Aster 55 Committee

ASTER GROUP

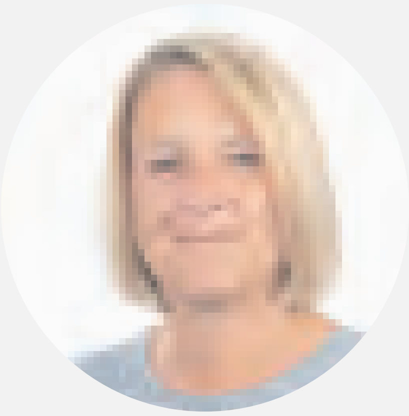
Chris Benn
Chief financial officer
Executive director

Chris joined Aster in 2014, bringing with him extensive experience from the commercial sector.

Before Aster, Chris held senior finance positions at Euromoney Institutional Investor PLC and Regus PLC. At Euromoney he ensured the finance team were able to support the five-fold profit increase of the group from both organic growth, and through acquisitions, including the acquisition of a fellow FTSE-250 listed group. At Regus Chris was involved in the IPO and floatation of Regus' shares on both the FTSE and NASDAQ indices.

Chris qualified as a chartered accountant at Coopers & Lybrand (now PwC) in 1994.

Amanda Williams
Chief investment officer,
Executive director



Amanda has over 30 years' experience in development, marketing and asset management for registered social landlords, joining Aster Group in 2012. She was previously director of business development at Synergy, prior to the merger with Aster and drove the strategic direction of the association's new-build development activity, including becoming an independent preferred investment partner.

Before Aster, Amanda was head of development for Sanctuary Housing Group for London and the South East, and an associate director of Adams Integra, a consultancy specialising in housing development and planning. She was also director of development services for Apex Housing (now A2Dominion) for nine years where she was responsible for growing a mixed development programme from scratch to over 1,000 units per year.

Amanda is a Board Director of Silva Homes and of Forest Future Homes which is a subsidiary of Silva Homes.

Report

Group Remuneration and Nominations Committee

The Group Remuneration and Nominations Committee has been chaired by Mike McCullen (non-executive) since 5 November 2019. Mike has the skills and experience to chair GRNC and meets the corporate code requirements.

The Committee consists of four other members, Mike Biles, (non-executive and Group chairman) since 1 October 2019, David Doyle (independent member) since 11 November 2020, Tracey Peters (non-executive and senior independent director) since 14 March 2017 and Richard Teather (independent member) since 6 November 2019. The committee met four times during the year.

Committee's role and responsibilities

The committee's responsibilities include:

- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any proposed changes;
- Nominating, for the approval of the Board, appropriate individuals to fill Board vacancies as and when they arise having considered candidates with relevant experience from a diverse range of backgrounds;
- Succession planning, taking into account the challenges and opportunities facing the company and the background, skills and expertise that will be required on the board in the future and reviewing annually management succession planning processes in relation to the company's senior executives;
- Determining and recommending to the Board the framework and policy for the remuneration of the Group Chairman, non-executive directors and independent members; and
- Determining and recommending to the Board the framework and policy for the remuneration of the Group chief executive officer and executive directors.

Key activities

The committee continuously monitors its succession plan and during the year supported the Board with a number of appointments and changes to committee membership. All appointments were as a result of either planned vacancies due to Board and committee members reaching the end of their maximum term, or to fill existing vacancies in the committee structure.

In addition to monitoring marketplace trends, the UK Code 2018 action plan and succession planning, the GRNC also considered the following matters:

- Recommended the remuneration report for the annual report;
- Approved payment criteria and payments under the Project Reward Policy;
- Reviewed executive board remuneration;
- Undertook board and committee evaluations;
- Agreed the tender process for the GRNC Advisors;
- Approved executive pension arrangements
- Reviewed the Board & Committee Member Code of Conduct;
- Recommended the Board & Committee Remuneration & Expenses Policy and Framework;
- Monitored the Group Wide Board and Committee Improvement Plan;
- Approved the Board and Committee Member individual appraisals process;
- Recruited Aster Foundation CIO Trustees;
- Recruited Aster 55 & CCN Committee members;
- Recommended CCHT Board and Committee appointments;
- Considered the trigger points for carrying out a review of the Governance Framework;
- Provided input into Board Diversity proposals;
- Supported the publication of the 2021 Gender Pay Gap report;
- Recommended the Board of East Boro Housing Trust Limited remuneration proposals; and
- Approved revisions to colleague Pay Principles.

Advisors to the committee

Altair acted as independent advisors to the committee throughout the year. The committee is satisfied that the advice it receives on executive and non-executive directors' remuneration is independent and objective.

Directors' emoluments - Group

Directors (key management personnel) are defined as the members of the group Board including the group chief executive officer, executive directors, independent committee members and non-executive directors of the group's subsidiary companies.

The highest paid director was Bjorn Howard, group chief executive officer.

Emoluments (excluding pension contributions) payable to the highest paid director	**2022 £**	2021 £
Bjorn Howard	**294,353**	297,506

The total emoluments of the directors of Aster Group comprise:

	2022			
	Salaries £	**Benefits £**	**Pension £**	**Total £**
Bjorn Howard, group chief executive officer	**263,000**	**31,353**	**23,111**	**317,464**
Other executive directors	**853,000**	**194,081**	**80,142**	**1,127,223**
Non-executive directors and independent committee members [1]	**250,624**	**-**	**-**	**250,624**
Total executive and non-executive directors	**1,366,624**	**225,434**	**103,253**	**1,695,311**

1. The total salaries for Non-executive directors and independent committee members has increased year on year due to a higher number of members during the 2021/2022 year.

	2021			
	Salaries £	Benefits [2] £	Pension £	Total £
Bjorn Howard, group chief executive officer	263,000	34,506	24,720	322,226
Other executive directors	920,908	215,446	82,285	1,218,639
Non-executive directors and independent committee members	206,933	-	-	206,933
Total executive and non-executive directors	1,390,841	249,952	107,005	1,747,798

2. Benefits include payments due under the group's long-term project reward bonus scheme. Payments accruing under this scheme in 2021 were not be paid to the directors until the group settled its borrowing under the COVID Corporate Financing Facility in line with the terms of that borrowing.

The Remuneration Report was approved by the Board of Directors on and signed on its behalf by:

Mike McCullen
Chair of the Remuneration Committee

9 August **2022**

Report of the
Board

The Board presents its report and the audited consolidated financial statements for the year ended 31 March 2022.

The Board's report comprises page **84**. Some of the matters required by legislation have been included in the Strategic Report (pages **4** to **55**) as the Board considers them to be of strategic importance. In particular these are:

- future business developments;
- principal risks; and
- corporate and social responsibility (including diversity).

Principal activities

The Aster Group's principal activities are to provide affordable homes and associated services through its registered providers and other member companies. It also provides care and support services to the elderly and vulnerable, maintains its properties and develops new homes for rent and sale.

Group results for the year

The group's consolidated profit for the year was £171.6 million (2021: £45.7 million). Profit before tax was £170.6 million (2021: £45.5 million).

The Board

The members of the Board are listed in the Board of Directors details on page **76** of this report.

Capital structure

The group contains entities in different forms (Charitable Community Benefit Societies with charitable rules, companies limited by shares, a public limited company and a Charitable Incorporated Organisation). The group finances its operations by a combination of government grants, loans from commercial banks, publicly listed bond finance and retained surpluses.

Directors' indemnities

The group has made qualifying third party indemnity provisions for the benefits of its directors and officers (which extend to the performance of any duties as a director or officer of an associated company or subsidiary). The provisions have been in place throughout the year and remain in force at the date of this report.

Going concern

The group's business activities, together with factors likely to affect its future development and position, are set out in the Strategic Report of the Board on pages **4** to **55**. A member of the group is party to deeds of contribution with its partner company in joint ventures. These deeds cover the jointly controlled entities' obligations in connection with their development sites.

The group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes and generate operational cashflows sufficient to finance the group's day-to-day operations. The group also has a long-term business plan which shows that it is able to service its debt facilities whilst continuing to comply with lenders' covenants.

On this basis, the board have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future as outlined in the viability statement on page **75**. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Disclosure of information to auditors

So far as the Board is aware, there is no relevant information of which the group's auditors are unaware. The Board has taken all reasonable steps that ought to have been taken to make itself aware of any relevant audit information, and to establish that the association's auditors are aware of that information.

By order of the Board

David Betteridge
Company secretary

9 August **2022**

ASTER GROUP

Statement of
Directors' Responsibilities

Statement of Board's responsibilities in respect of the Annual Report and the financial statements

The Board is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

By order of the Board

Bjorn Howard
Group chief executive officer

9 August **2022**

We have **fulfilled** our ethical responsibilities

Introduction to
Financial Statements

This section of the annual report provides the Independent auditor's full report to the members of Aster Group Limited, for and on behalf of KPMG LLP, Statutory Auditor.

Following is a full and detailed annual account of the financial statements for the year ended **31 MARCH 2022.**

Independent auditor's report

to the members of Aster Group Limited

1. Our opinion is unmodified

We have audited the financial statements of Aster Group Limited ("the Association") for the year ended 31st March 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, Consolidated Statement of Changes in Reserves, Consolidated Statement of Cash Flows and the related notes to the Consolidated Financial Statements and the Association's Statement of Comprehensive Income, Association's Statement of Changes in Reserves, Association's Statement of Financial Position and the related notes to the Association's Financial Statements, including the accounting policies in note 4 to the Consolidated Statements.

In our opinion:

— the financial statements give a true and fair view of the state of the Group's and of the parent Association's affairs as at 31 March 2022 and of the Group's profit for the year then ended;

— the Group financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;

— the parent association financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;

— the financial statements have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2019; and

— The financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview		
Materiality: group financial statements as a whole		£4.6m (2021:£4.3m) 2% (2021: 1.9%) of Revenue
Coverage		94% (2021:97.5%) of group revenue
Key audit matters		**vs 2021**
Recurring risks	Recoverability of stock and work in progress	◄►
	Valuation of post retirement benefit obligations	◄►
	Aster Group Limited- Completeness and Accuracy of Expenses Incurred	◄►

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
Stock and work in progress (£49.5 million; 2021: £35.3m) *Refer to page 105 (accounting policy) and page 136 (financial disclosures).*	**Recoverability of stock and work in progress** An inappropriate amount is estimated for the net realisable value (NRV) of stock and work in progress, or an incorrect amount is recorded for the lower of cost and NRV. Property held in stock and current assets work in progress comprises properties which are speculatively developed for shared ownership or outright sale. FRS102 requires these properties to be recognised at the lower of cost or net realisable value. In order to assess the net realisable value of property held in stock and work in progress, site appraisals are prepared which include forecast revenue and costs and provide an indication of the recoverability of property held in stock and work in progress. Site appraisals include a number of judgements that could have a significant effect on the net realisable value of the property. The risk will be dependent upon the size and nature of the stock held on the balance sheet at the year end. We may therefore revise our assessment of this risk ahead of the final audit, and will report back to this Committee accordingly on any changes to the risk or procedures performed.	Our procedures included: — **Review of controls:** Understood the processes the Group has in place to assess recoverability of stock and work in progress. We reviewed this process and identified and tested the design and implementation of controls in place for assessing recoverability of stock and work in progress; — **Post year end sales:** Verified if completed stock has been sold following the year end date and recognised in the correct period; — **Review stock reservations**: Verified if reservations have been made for the stock during or after the financial year; — **Review forecasts:** Obtained management's forecast revenue and costs and challenged the judgements made as part of the forecasts. This included the rationale for forecasted sales prices, comparison to equivalent unit sales and consideration of sales conditions within the geographical area; — **Sensitivity analysis:** Performed sensitivity analysis over the forecasts sales and the impact on the recoverability of the development expenditure.
Valuation of post retirement benefit obligation **Gross LGPS Pension Liability:** (£102.3 million; 2021: £98.3m) **Gross SHPS Pension Liability:** (£65.2 million; 2021: £63.6m) *Refer to page 108 (accounting policy) and page 147 (financial disclosures).*	An inappropriate amount is estimated and recorded for the defined benefit obligation. The Group participates in four Local Government Pension schemes: Dorset County Council, Hampshire County Council, Somerset County Council and Wilshire Council. Additionally the Group participates in the Social Housing Pension Scheme (SHPS). The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Group's pension liability could have a significant effect on the financial position of the Group. The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements (note 32) disclose the assumptions used by the Group in completing the year end valuation of the pension deficit and the year on year movements.	Our procedures included: — **Evaluation of scheme actuaries:** We have evaluated the competency and objectivity of scheme actuaries; — **Use of Pension specialists:** We have engaged KPMG actuarial specialists to assist with challenging that the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data; — **Review of accounting treatment:** We have reviewed the accounting treatment and entries applied by the Group are in line with FRS102 and the SORP; — **Review of disclosures**: We reviewed the adequacy of the Group's disclosures in respect of the sensitivity of the deficit to the key assumptions.

2. Key audit matters: our assessment of risks of material misstatement (cont.)

	The risk	Our response
Aster Group Limited - Completeness and accuracy of expenses incurred (£30.4 million; 2021: £25.6m) *Refer to page 117 (financial disclosures).*	**Provision of support services** Aster Group Limited is the holding company for the group and provides central support services to each of its subsidiary entities. As such, the entity will incur external expenditure and will recharge these in as per budgeted to other group companies. This results in the majority of the balance sheet items being driven by amounts owing to/ due from group companies and the income statement is driven by costs incurred on behalf of the group and related income. Expenditure is seen to be the only external transactions going through the group company and therefore are considered to be the area where we focus our audit testing.	Our procedures included: — **Review of costs incurred:** We have reviewed the nature of expenditure and sample tested to third party evidence to support significant year on year movements; — **Assessment of classification:** We have assessed the classification of expenditure and ensured that the expenses are classified in correct financial statement captions through consideration of consistency between years; — **Review of cut-off:** We have assessed the cut off of expenditure through a search for unrecorded liabilities and testing transactions around the year end.

3. Our application of materiality and an overview of the scope of our audit

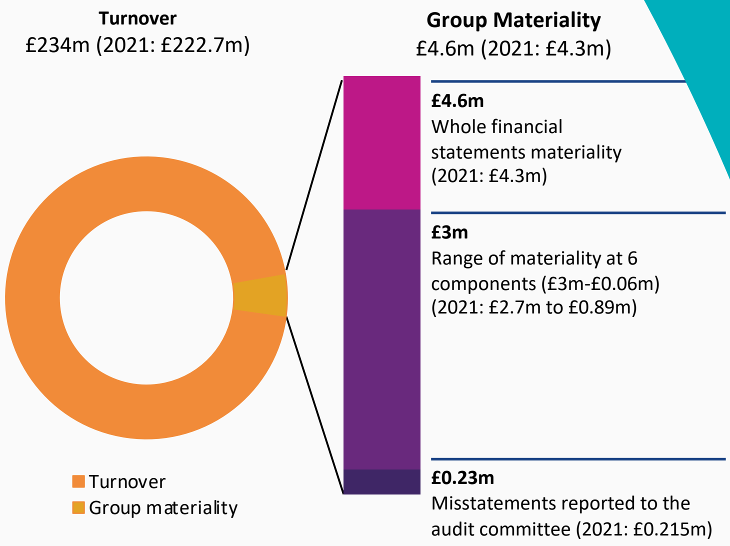
Materiality for the group financial statements as a whole was set at £4.6m, determined with reference to a benchmark of revenue, of which it represents 2% (2021: 1.9%).

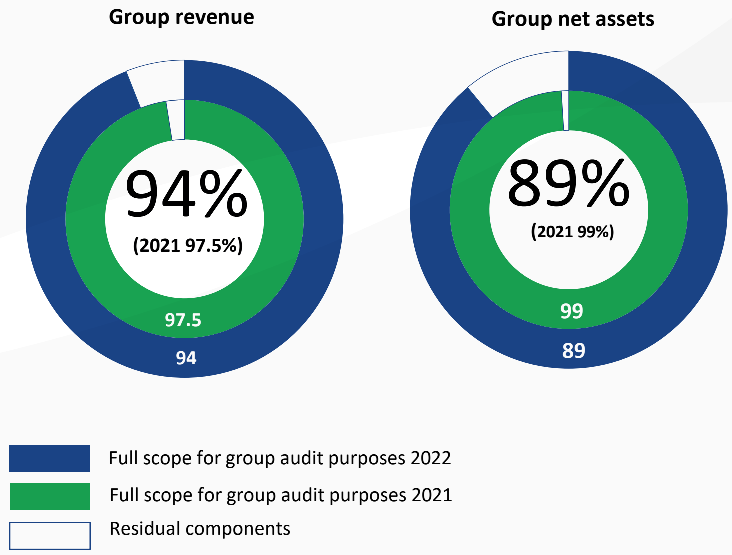
Materiality for the parent association financial statements as a whole was set at £0.6m (2021: £0.8m), determined with reference to a benchmark of expenditure, of which it represents 3.0% (2021: 3.0%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £230k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 18 (2021:14) reporting components, we subjected 6 (2021: 6) to full scope audits for group purposes and NIL (2021: NIL) to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed. The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 6% of total group revenue and 11% of group net assets is represented by 12 reporting components, none of which individually represented more than 6% of total group revenue. For these residual components, we performed an analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.





4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Association or the Group or to cease their operations, and as they have concluded that the Association's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Association will continue in operation.

In our evaluation of the Board's conclusions, we considered the inherent risks to the association's business model and analysed how those risks might affect the financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for the going concern period.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in Note 4 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Association's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the association will continue in operation.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the directors' report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.

Disclosures of emerging and principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation within the viability statement (page 75) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

— the Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and

— the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Association's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

— the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;

— the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and

— the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

KPMG

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud , including the internal audit function, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board/ audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that property sales income and non-social housing income is recorded in the wrong period.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Group wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts involving a fraud risk, unusual combinations of journal posting to cash and borrowings, journal entries made to unrelated accounts and post close journals.
- Assessing whether the judgements made in the accounting estimates are indicative of potential bias including assessing the assumptions used in the value of properties developed for sale held in current assets.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group’s regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative and community benefit society legislation), pensions legislation, specific disclosures required by housing legislation, and requirements imposed by the Regulator for Social Housing and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on the amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Cooperative and Community Benefit Society Act 2014, we are required to report to you if, in our opinion:

— adequate accounting records have not been kept by the Group and Parent Association, or returns adequate for our audit have not been received from branches not visited by us; or

— the Group and Parent Association financial statements are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 85, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Association or to cease operations, or have no realistic alternative but to do so.

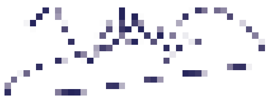
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Harry Mears

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Gateway House

Tollgate

Eastleigh

SO53 3TG

26 August **2022**

Consolidated Statement of
Comprehensive Income

for the year ended **31 March 2022**

	Note	2022 £000	2021 £000
Turnover	6a	**240,933**	224,379
Operating expenditure before impairment	6a	**(147,430)**	(130,260)
Cost of sales	6a	**(38,930)**	(37,139)
Administrative expenses	6a	**(2,258)**	(824)
Profit on disposal of housing property, plant and equipment	7	**22,609**	17,871
Change in fair value of investment properties	6a	**1,153**	633
Operating profit before impairment		**76,077**	74,660
Net reversal / (impairment) of shared ownership properties held for sale	24	**137**	(138)
Impairment of office premises	16	**-**	(1,241)
Operating profit	8	**76,214**	73,281
Profit / (loss) on disposal of other property, plant, equipment and intangible assets	10	**8**	(44)
Share of profit in joint ventures	41	**2,631**	400
Gain on acquisition	42	**119,409**	-
Profit before interest and taxation		**198,262**	73,637
Interest receivable and similar income	11	**3,969**	4,446
Interest payable and similar charges	11	**(30,871)**	(31,907)
Interest on net pension liability	11	**(762)**	(702)
Net finance expense		**(27,664)**	(28,163)
Profit before taxation		**170,598**	45,474
Tax on profit	13	**1,005**	223
Profit for the year		**171,603**	45,697
Other comprehensive income			
Actuarial gains / (losses) in respect of pension schemes	32	**16,462**	(15,689)
Movement in pension deferred taxation	13	**(426)**	514
Effective cash flow hedge fair value gain	12	**9,903**	8,285
Other comprehensive income / (expense) for the year		**25,939**	(6,890)
Total comprehensive income for the year		**197,542**	38,807

ASTER GROUP

Consolidated Statement of
Financial Position

as at **31 March 2022**

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	14	**2,397**	1,673
Property, plant and equipment (social housing)	15	**2,053,666**	1,821,361
Property, plant and equipment (other assets)	16	**22,438**	13,798
Investment properties	17	**19,470**	17,542
HomeBuy loans receivable	18	**3,462**	3,606
Investments in joint ventures	19	**5,766**	3,134
Other investments	20	**230**	230
		2,107,429	1,861,344
Non-current assets			
Debtors: amounts falling due after more than one year	21	**59,233**	67,764
Current assets			
Inventories	22	**7,739**	2,967
Debtors: amounts falling due within one year	23	**45,264**	37,767
Shared ownership properties held for sale	24	**49,598**	35,258
Cash and cash equivalents	25	**96,324**	206,761
		198,925	282,753
Creditors: amounts falling due within one year	26	**(145,964)**	(129,627)
Net current assets		**52,961**	153,126
Total assets less current liabilities		**2,219,623**	2,082,234
Non-current liabilities			
Creditors: amounts falling due after more than one year	27	**(1,112,806)**	(1,152,264)
Pension liability - Local Government Pension Schemes	32	**(9,739)**	(24,916)
Pension liability - Social Housing Pension Scheme	32	**(7,143)**	(16,164)
Other provisions	33	**(3,116)**	(343)
Net assets		**1,086,819**	888,547
Capital and reserves			
Called up share capital	34	**-**	-
Profit and loss reserve		**705,304**	515,525
Revaluation reserve	35	**388,511**	390,930
Restricted reserve	35	**1,445**	436
Cash flow hedge reserve	35	**(8,903)**	(18,806)
Merger reserve	35	**462**	462
Total capital and reserves		**1,086,819**	888,547

The financial statements on pages **96** to **167** were approved and authorised for issue by the Board on 9 August **2022** and were signed on its behalf by:

Mike Biles
Group chairman

Bjorn Howard
Group chief executive

David Betteridge
Company secretary

Consolidated Statement of
Changes in Reserves

for the year ended **31 March 2022**

	2022					
	Profit and loss reserve £000	**Revaluation reserve £000**	**Restricted reserve £000**	**Cash flow hedge reserve £000**	**Merger reserve £000**	**Total reserves £000**
Balance at 1 April 2021	**515,525**	**390,930**	**436**	**(18,806)**	**462**	**888,547**
Profit for the year	**171,603**	**-**	**-**	**-**	**-**	**171,603**
Other comprehensive expense for the year	**16,036**	**-**	**-**	**9,903**	**-**	**25,939**
Transfer from revaluation reserve to profit and loss reserve	**2,419**	**(2,419)**	**-**	**-**	**-**	**-**
Clawback reinvestment	**-**	**-**	**730**	**-**	**-**	**730**
Transfer from profit and loss reserve to restricted reserves	**(279)**	**-**	**279**	**-**	**-**	**-**
Balance at 31 March 2022	**705,304**	**388,511**	**1,445**	**(8,903)**	**462**	**1,086,819**

	2021					
	Profit and loss reserve £000	Revaluation reserve £000	Restricted reserve £000	Cash flow hedge reserve £000	Merger reserve £000	Total reserves £000
Balance at 1 April 2020	480,680	395,234	295	(27,091)	462	849,580
Profit for the year	45,697	-	-	-	-	45,697
Other comprehensive income for the year	(15,175)	-	-	8,285	-	(6,890)
Transfer from revaluation reserve to profit and loss reserve	4,304	(4,304)	-	-	-	-
Transfer to restricted reserve	-	-	160	-	-	160
Transfer from profit and loss reserve to restricted reserves	19	-	(19)	-	-	-
Balance at 31 March 2021	515,525	390,930	436	(18,806)	462	888,547

ASTER GROUP

Consolidated Statement of
Cash Flows

for the year ended **31 March 2022**

	Note	2022 £000	2021 £000
Net cash generated from operating activities	1	**175,495**	144,801
Taxation		**(59)**	59
Cash flow from investing activities			
Acquisition and construction of social housing properties		**(161,621)**	(120,531)
Acquisition and construction of shared ownership first tranche properties for sale - capital cost		**(46,591)**	(35,260)
Purchase of intangible assets		**(1,285)**	(613)
Purchase of other assets		**(2,916)**	(1,881)
Proceeds from sale of other assets		**130**	22
Loan repayments from joint ventures		**13,371**	7,896
Grants received		**12,472**	5,176
Interest received		**134**	194
Cash flow used in investing activities		**(186,306)**	(144,997)
Cash flow from financing activities			
Interest paid		**(36,399)**	(35,969)
New secured loans		**40,000**	325,000
Repayment of borrowings		**(103,168)**	(230,208)
Cash flow generated from financing activities		**(99,567)**	58,823
Net (decrease) / increase in cash and cash equivalents		**(110,437)**	58,686
Cash and cash equivalents at beginning of the year		**206,761**	148,075
Cash and cash equivalents at end of the year		**96,324**	206,761

Consolidated Financial Statements

1 Cash flow from operating activities

	2022 £000	2021 £000
Profit for the year	**171,603**	45,697
Adjustments for non-cash items		
Amortisation of intangible assets	**561**	914
Depreciation of property, plant and equipment	**30,674**	28,943
(Reversal) / impairment of property, plant and equipment	**(137)**	1,379
Investment property fair value adjustments	**(1,153)**	(633)
Accelerated depreciation of components	**1,277**	797
(Increase) / decrease in inventories	**(4,635)**	3
Gain on acquisition	**(116,433)**	-
(Increase) / decrease in debtors	**(2,765)**	6,251
Increase / (decrease) in creditors	**15,149**	(6,114)
Increase / (decrease) in provisions	**2,773**	(278)
Movement in shared ownership properties held for sale less capital cost	**38,450**	36,796
Pension cost less contributions payable	**(8,498)**	(7,734)
Carrying amount of housing property	**19,826**	11,267
Carrying amount of property, plant and equipment	**122**	66
	(24,789)	71,657
Adjustments for investing or financing activities		
Proceeds from the sale of property, plant and equipment	**(130)**	(22)
Government grants recycled / (utilised) in the year	**147**	(694)
Interest payable	**31,633**	32,609
Interest receivable	**(2,969)**	(4,446)
	28,681	27,447
Net cash generated from operating activities	**175,495**	144,801

2 Legal status

Aster Group is registered under the Cooperative and Community Benefit Society Act 2014, and is registered with the Regulator of Social Housing ('RSH') as a Registered Provider as defined by the Housing Act 2004.

3 Basis of preparation

The financial statements of the group have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102), the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. The association is classified as a Public Benefit Entity under FRS 102.

The financial statements are presented in Sterling (£).

Application of accounting policies

The group's accounting policies have been applied consistently throughout the year.

Group consolidation

The group is required to prepare consolidated financial statements under the Co-operative and Community Benefit Societies Act 2014 incorporating the financial statements of the association and its subsidiaries. Intra-group transactions have been eliminated on consolidation.

Basis of consolidation

Subsidiaries

Subsidiaries that are not the ultimate parent do not produce consolidated financial statements under the exemption included in section 9.3 of FRS 102.

Joint ventures

Joint ventures are contractual arrangements between two or more parties which enter into an activity that they jointly control. The group has two types of joint venture.

i. **Jointly controlled entities –** these are separate organisations in which each party has an interest. In the group's consolidated financial statements they are accounted for using the equity method. In the association's financial statements the investment in the joint venture is recognised at cost.

ii. **Jointly controlled operations –** each party uses their own resources rather than establishing a separate organisation. The jointly controlled operation agreement lays out how revenues from the activity are shared. For these operations the group recognises:

- The assets it controls and the liabilities it incurs; and
- The expenses it incurs and its share of the income from the operation.

Business combinations that are in substance a gift

East Boro Housing Trust Limited and East Boro Housing Services Limited, a registered provider, joined the group on 31 March 2020. Central & Cecil Housing Trust joined the gorup on 1 January 2022.

The group concluded that the requirements of FRS 102 Section 34 Public Benefit Entity Combinations were relevant to this judgement and that the group, East Boro Housing Trust Limited and Central & Cecil Housing Trust all have a primary objective to provide services to the general public and community for social benefit.

The group considered that the combinations were in substance a gift and nil consideration was made or is due as a result of East Boro Housing Trust and Central & Cecil Housing Trust joining the group. As such the net assets have been recognised at fair value as a gain in the Consolidated Statement of Comprehensive Income. Intra-group transactions have been eliminated on consolidation.

Consolidated Financial Statements

4 Summary of significant accounting policies

Going concern

The financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The Board has prepared cash flow forecasts covering a period of 12 months from the date of approval of these financial statements (the going concern period) which indicate that, taking account of severe but plausible downsides, the Group and Association will have sufficient funds to meet their liabilities as they fall due for that period. In addition, the Board prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in March 2022 by the Board.

As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. Following the outbreak of COVID-19 the Board has undertaken a series of further scenario testing including severe but plausible downsides in the worst-case assessment.

The Board, after reviewing the Group and Association budgets for 2022/2023 and the Group's medium term financial position as detailed in the cash flow forecasts and 30-year business plan, including changes arising from the COVID-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the going concern period. In reaching this conclusion, the Board has considered the following factors:

- The property market - budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- Maintenance costs - budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable - arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity - current available cash and unutilised loan facilities across the group of £376.3 million which gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period; and
- The Group's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

The Board believes the Group and Association have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board is confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Turnover

Turnover represents:

Rental, service charge income and garage lettings - recognised from the point at which the properties under development reach practical completion or otherwise become available for letting.

Service charge income - an amalgamation of the budgeted charge for the year and the under or over recovery from the pre-previous year.

Revenue fees and grants from local authorities and the RSH - recognised over the period the related costs are incurred.

Coronavirus Job Retention Scheme Grant is recognised as other income over the period the related costs are incurred.

Asset related fees and grants from local authorities and the RSH - recognised over the life of the related asset. For grants relating to completed properties the grant is amortised through turnover over the effective useful life of the property's structure.

Income from first tranche sales of New Build HomeBuy and housing properties developed for sale - recognised at the legal completion of the sale.

Connected living revenue - relates to providing personal monitoring systems to vulnerable customers. The charges are raised and recognised weekly from the installation of the equipment for as long as the customer requires it.

Finance debtor revenue - relates to the income received in relation to the group's Service Concession Arrangement. It is made up of a monthly charge for each property with a certificate of availability and an annual dwelling charge payable by the grantor of the arrangement (Wiltshire County Council). Revenue is recognised from the date each property is certificated as available.

Green electricity - amounts received or receivable from the feed in tariff receivable for green electricity produced by the photovoltaic panels the company owns. Turnover is recognised as the energy is produced. Additional kilowatts of energy generated are sold to the National Grid.

Other income, such as domiciliary care, home improvements, design and build fees and sewerage services - recognised when the performance of a service is completed, or when the requirements of an agreement with a third party or other group subsidiary are met.

Operating Profit

The group has chosen to show operating profit on the face of the Consolidated Statement of Comprehensive Income. This figure represents income, less the costs and expenses incurred to generate it, from the group's principal activities that are not investing or financing activities.

Property managed by agents

The group has a small number of properties that it owns but are managed by agents on its behalf. Where the group carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the Consolidated Statement of Comprehensive income for the year. Where the agency carries the financial risk, the profit or loss for the year includes only that income and expenditure which relates solely to the group.

Value added tax (VAT)

The group is registered for VAT and, while turnover is stated excluding VAT, a large portion of its income, including its rents, is exempt for VAT purposes. The majority of its expenditure is subject to VAT which cannot be reclaimed and therefore expenditure is shown inclusive of irrecoverable VAT. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Right to buy

The gain or loss on disposal of housing properties under the right to buy arrangement is calculated as being the difference between the proceeds of sale of a property and the carrying value of that property. The gain or loss on disposal is recognised in the Consolidated Statement of Comprehensive Income for the year at the date of transfer after adjusting for any local authority claw back agreement in operation. The relevant local authority claw back is recognised as a liability until it is repaid to the authority.

Right to acquire

The gain or loss on the disposal of housing properties under the right to acquire arrangement is calculated as being the difference between the proceeds of sale of a property and the carrying value of that property. Any gain or loss on disposal is recognised in the Consolidated Statement of Comprehensive Income for the year at the date of transfer.

New Build HomeBuy (Shared ownership)

The cost of developing New Build HomeBuy properties is split between current assets for that part of the property which is expected to be sold by way of a first tranche sale and property, plant and equipment for the remaining part of the property which is expected to be retained.

First tranche sales on New Build HomeBuy properties are recognised in turnover, with an appropriate proportion of development build costs being expensed through cost of sales.

Subsequent tranches sold (staircasing) are reflected in the Consolidated Statement of Comprehensive Income on sale of property, plant and equipment. Such staircasing sales may result in social housing grant being deferred or abated until it can be recycled or repaid. Cost includes the acquisition of land and buildings, the cost of developing properties, plus expenditure incurred in respect of improvements.

Taxation

The group consists of some subsidiaries which have adopted charitable rules and benefit from various exemptions from taxation afforded by tax legislation and are therefore not liable to corporation tax on income or gains falling within those exemptions. The group also has some subsidiaries which are subject to taxation. These taxable subsidiaries are able to gift aid some or all of their taxable profits to their parent entity and in doing so reduce or eliminate their tax liability.

Investments

The group holds investments in companies outside the group. These are recognised at cost less impairment.

Intangible assets and amortisation - computer software

Intangible assets are identifiable non-monetary assets without physical substance such as computer software. Intangible assets are stated at cost less accumulated amortisation. Cost includes the original purchase price of the asset and any directly attributable costs of preparing the asset for its intended use. Amortisation is charged on a straight line basis over the expected remaining useful economic life (UEL) of the assets as follows:

Asset	UEL (years)
Computer software	3
Main computer systems software	10

Social housing properties and depreciation

Properties rented for social benefit are classified as property, plant and equipment and referred to as social housing. These properties are rented at below market rate to people put forward by the relevant local authorities from their housing lists. Social housing properties under construction are stated at cost and are not depreciated. These are reclassified as social housing properties on practical completion of construction with cost apportioned by key components.

Freehold land is not depreciated. Freehold properties are depreciated by component on a straight line basis over the estimated useful economic lives of the component categories.

4 **Summary of significant accounting policies** (continued)

Social housing properties and depreciation (continued)

Social housing properties are split between the structure and those major components which require periodic replacement. Capitalised major components are depreciated over the following UEL:

Component	UEL (years)
Structure (see below)	30 - 100
Roof	45 - 60
Heating Distribution Systems	15 - 30
Boiler	15
Bathroom	25 - 30
Windows / Doors	30 - 35
Kitchen	20
Electrical wiring	20 - 30

Impairment reviews are carried out at each reporting date. If an impairment trigger is present the asset's carrying value is reduced to its depreciated replacement cost, as outlined in the impairment policy, unless it is being demolished or remodelled when the carrying value is reduced to that of the remaining components.

Social housing properties held on long leases are depreciated in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

New Build HomeBuy properties are split proportionately between property, plant and equipment and current assets based on the proportion of the share of equity sold in the first tranche. The element of a property anticipated to be sold as a first tranche sale is recognised as a current asset, whereas the element relating to second and subsequent tranche sales is treated as property, plant and equipment.

If the profit on sale of the first tranche is expected to exceed the total overall profit on sale of all tranches of that property the proportionate value of the first tranche current asset is increased to limit the profit earned to the overall profit.

Depreciation on freehold properties and long leasehold social housing properties is provided to write off the cost less the estimated residual value of social housing properties by equal instalments over their remaining estimated UEL. Any additions and improvements are depreciated over the remaining life of the premises. The UEL used are:

Structure	UEL (years)
Pre-fabricated reinforced concrete construction (PRC)	30
Bedsits	30
All other	100

The Aster Group elected to take the transitional exemption laid out in paragraph 35.10(d) of FRS 102 and use the 31 March 2014 valuation as the deemed cost of social housing properties at that date. All social housing properties completed after that date are recognised at cost.

Donated land and social housing properties

Land donated by local authorities and others is added to the cost of the development scheme at the market value of the land at the time of the donation. If the land is donated by a local authority the market value is recognised as a government grant and accounted for using the accruals method. If the land is donated by a non-government party the market value is recognised as turnover in the Consolidated Statement of Comprehensive Income for the year.

Where social housing properties are donated by one group member to another the transfer is made at the properties net book value with the resulting expense or income being recognised as a donation.

Property, plant and equipment and depreciation, non-social housing

Property, plant and equipment, is stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Subsequent expenditure is capitalised where it increases the value of the asset or extends its life. Completed social housing properties are covered by a separate policy. Depreciation is charged on a straight line basis over the expected remaining UEL of the assets as follows:

Asset	UEL (years)
Freehold offices	50
Photovoltaic panels	25
Motor vehicles	4 – 5
Office, estate equipment and furniture	3 – 15

Freehold premises (non-social housing properties) depreciation is provided to write off the cost less estimated residual value over the UEL of the property. Any additions and improvements are depreciated over the remaining life of the premises.

Assets under construction are stated at cost (as defined above). They are presented separately in the note to the financial statements and not depreciated until they are completed and brought into use. The UEL of all property, plant and equipment is reviewed annually.

Capitalisation of internal staff costs

a) **Housing development schemes**
Internal staff costs that are directly related to the development of housing assets are capitalised to the schemes under construction where the outcome of the scheme is certain. Where the outcome of the scheme is uncertain or aborted, the direct development administration costs are charged to the Consolidated Statement of Comprehensive Income for the year.

b) **Development of internally created assets**

Internal staffing costs relating to internally created other tangible or intangible assets are capitalised to the extent that they are additional costs incurred due to the development of the asset.

An internally generated intangible asset is only recognised if all the following conditions are met:

- The asset created can be identified (such as software or a website);
- It is expected that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Internally generated intangible assets are recognised at cost and amortised on a straight-line basis over the useful lives from the date the asset becomes usable.

Interest receivable and payable

Interest is recognised on an accruals basis, using the effective interest rate method recognised in the Consolidated Statement of Comprehensive Income over the life of the financial instrument.

Capitalisation of interest costs

Interest costs relating to the construction and acquisition of housing assets are charged to the cost of the development scheme, over the period of its development. The amount capitalised represents either:

- Interest costs incurred specifically for financing the development programme after the deduction of social housing grant in advance; or
- Interest costs of the group as a whole after the deduction of interest on social housing grant in advance to the extent that they are funding the development programme.

Other interest costs are recognised in the Consolidated Statement of Comprehensive Income for the period to which they relate.

Leased assets

Where assets are financed by leasing agreements that transfers substantially all the risks and rewards of ownership, they are treated as if they had been purchased outright. The amount capitalised is the lower of the present value of the minimum lease payments payable during the lease term or the fair value of the leased asset. The corresponding leasing commitments are shown as the present value of the obligations to the lessor. Lease payments are treated as consisting of a finance charge and a reduction in the liability. The finance charge is charged to the Consolidated Statement of Comprehensive Income for the period using the effective interest method.

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income for the period on a straight line basis over the period of the lease.

Investment properties

Investment properties are properties held for capital appreciation, rented at a market rate where there are no restrictions on who can be a tenant, or both.

Investment properties are re-valued each year to their fair or market value. Any changes in value are recognised in the Consolidated Statement of Comprehensive Income for the year when they occur.

HomeBuy scheme

The group operates the HomeBuy Scheme lending up to 25% of the cost of a property purchase to tenants who wish to own their own home. This loan is secured on the title of the property. On subsequent sale of the property by the purchaser the group receives a proportion of the sale proceeds equal to the original percentage lent.

The loans are financed by Social Housing Grant (SHG) from the Regulator for Social Housing ('RSH'). On subsequent sale by the purchaser, the SHG is recycled and the group keeps any profit. In the event of a loss, the SHG is written off and expensed through operating expenditure.

The loan to the purchaser is treated as a fixed asset investment made by the association and the grant from the RSH is recognised separately as a loan to the association. The investment is carried on the Consolidated Statement of Financial Position at transaction cost and monitored for signs of impairment.

Inventories

a) **General inventories**

Inventories are valued at the lower of cost and net realisable value, after making allowances for any obsolete and/or slow moving items. Net realisable value is the price which inventories can be sold for in the normal course of business after allowing for the costs of realisation. Inventories are valued using a first-in-first-out methodology.

b) **Properties developed for market sale**

Properties that have been developed for market sale are recognised at cost less cost to sell. Cost comprises materials, direct labour, direct development overheads and attributable interest. Sales proceeds are included in turnover.

c) **Work in process**

Speculative housing land, stock plots and work in progress, is recognised at the lower of cost and net realisable value (selling price less cost to sell). Cost comprises materials, direct labour, direct development overheads and attributable interest.

Impairment

a) **Inventories**

At the end of each reporting period inventories are reviewed for impairment. If any inventory is found to be impaired the carrying value is reduced to the selling price less costs to complete and sell.

b) **Other tangible and intangible assets**

Other tangible and intangible assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, the affected assets are written down to the recoverable amount. Any such write down is charged to the Consolidated Statement of Comprehensive Income for the year.

4 **Summary of significant accounting policies** (continued)

Impairment (continued)

c) **Social housing**
Social housing properties are subject to impairment trigger reviews on completion and then annually thereafter. If there is a trigger and evidence of impairment is found the carrying value of the property is compared to its depreciated replacement cost. This represents the amount it would cost the group to replace the property.
For properties built or acquired prior to 1 April 2014 this replacement cost is depreciated from 1 April 2014.
For properties built or acquired after 1 April 2014 depreciation starts from the build or acquisition date. If the property's carrying value is higher than its depreciated replacement cost the carrying value must be reduced to the depreciated replacement cost, the write down is charged to the Consolidated Statement of Comprehensive Income for the year.

In the portfolio there are some pre-fabricated reinforced concrete construction properties and bedsits. Where an impairment review indicates that their useful economic life is likely to be less than the standard policy they have been re-lifed to 10 years.

d) **Unsold first tranche HomeBuy current assets**
On practical completion HomeBuy property assets are spilt between current assets for the unsold first tranche portion and property, plant and equipment for the rental portion.

First tranche current assets are reviewed for impairment if there are indications that the market value of the property has dropped below that included in the investment appraisal. If any current assets are found to be impaired the carrying value is reduced to the selling price less costs to complete and sell.

The rental portion is treated as social housing for impairment purposes.

e) **Open market properties held for sale**
Open market properties held for sale are classified as current assets and are reviewed for impairment if there are indications that the market value of the property has dropped below its carrying value. If any current assets are found to be impaired the carrying value is reduced to the selling price less costs to complete and sell.

Accrued income

When, as a result of performing a service or otherwise meeting the requirements of an agreement with a third party, income falls due but has not been invoiced in the period, an accrual is made for this income.

Deferred income

Where payment has been received for goods or services not yet delivered, the amount is initially recorded as a liability in the Consolidated Statement of Financial Position and recognised as turnover once the delivery has been made.

Service Concession Arrangements

The group has a Service Concession Arrangement, previously known as a Private Finance Initiative scheme, with Wiltshire Council which was entered into before 1 April 2014. The group is taking advantage of the transitional arrangement outlined in section 35.10 (I) of FRS 102 and will continue accounting for the scheme using the accounting policies in place prior to that date.

Costs incurred on the Service Concession Arrangement in respect of development, design, construction and finance costs during the period prior to availability of the social housing properties are accumulated within stocks as amounts recoverable on long term contracts.

Once completed housing units are made available for occupation, the accumulated amounts recoverable on long term contracts are transferred to finance debtors receivable and recovered over the contract period on an annuity basis.

Service charge sinking funds

The group owns a number of schemes which require it to manage sinking funds in order to maintain the upkeep of the properties. These funds are held separately by the group, and may only be used for the benefit of the relevant schemes. These funds are held in creditors on the Consolidated Statement of Financial Position.

Financial instruments

Section 11 Basic Financial Instruments of FRS 102 permits an accounting policy choice for financial instruments. The group has chosen to adopt sections 11 and 12 of FRS 102 as permitted by this section.

a) **Rent arrears and other debts**
Rent arrears, other amounts due from tenants and other miscellaneous debts are recognised and carried at original amount of the charge, less provision for impairment. A provision is made and charged to the Consolidated Statement of Comprehensive Income for the year when there is objective evidence that the group will not be able to collect all amounts due in accordance to the original terms.

Any tenants or miscellaneous debtors who have a payment arrangement to pay their debts over a period of longer than the normal terms of business are treated as having a financing transaction. These transactions are recognised at their present value rather than transaction value. The discount rate used for the present value calculation is based upon an estimate of the rate the debtor could obtain in their own right.

b) **Cash and cash equivalents**
Cash and cash equivalents includes cash, short-term deposits and other short-term highly liquid investments with an original maturity of twelve months or less.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

c) **Derivatives**
Derivative financial assets and liabilities are recognised at fair value. They represent some of the financial instruments that have been designated as hedging instruments. Hedging is further explained below in the financial instruments derivative note.

d) **Financial liabilities**

i) Bonds, medium term notes and commercial paper are classified as other financial liabilities under section 11 of FRS 102 and held at amortised cost using the effective interest rate method to allocate costs of issue (including the discount or premium on issue).

ii) Accrued interest payable on the debt is also classified as other financial liabilities and held at amortised cost.

e) **Offsetting financial instruments**
Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

f) **Trade creditors**
Trade creditors are not interest-bearing and are stated at their transaction value.

g) **Trade debtors**
Trade debtors are recognised at amortised cost.

h) **Committed borrowings and bank overdrafts**
Interest-bearing loans and overdrafts are recorded at the amounts received, net of direct issue costs, using the effective interest method. Direct issue costs are amortised over the period of the loans and overdrafts to which they relate. Finance charges, including premiums payable on settlement or redemption, are charged to the profit or loss for the period as incurred using the effective interest rate method and are added to the carrying value of the borrowings or overdraft to the extent they are not settled in the period in which they arise.

When a loan facility agreement is entered into, any associated costs are capitalised, discounted at the prevailing market rate of interest amortised over the life of the related loans.

i) **Derivative financial instruments**
Various derivative financial instruments are used to manage exposure to interest rate risks, including interest rate swaps and options or a combination of these. All derivative instruments are recorded in the Consolidated Statement of Financial Position at fair value. The recognition of gains or losses on derivative instruments depends on whether or not the instrument is designated as a hedging instrument. Derivatives are designated as either:

I) A standalone derivative recognised at fair value through the Consolidated Statement of Comprehensive Income; or

II) A cash flow hedging instrument.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the derivative matures in more than twelve months, and as a current asset or liability when the derivative matures in less than twelve months.

j) **Cash flow hedges**
The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income within the Consolidated Statement of Comprehensive Income and subsequently in the cash flow hedge reserve. The ineffective portion of such gains and losses is recognised in the Consolidated Statement of Comprehensive Income for the period immediately.

Amounts accumulated in the cash flow hedge reserve are reclassified to the Consolidated Statement of Comprehensive Income in the periods when the hedged item is recognised in the Consolidated Statement of Comprehensive Income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the cash flow reserve at that time is recognised in the Consolidated Statement of Comprehensive Income for the period.

k) **Interest rate exposure**
Interest rate swaps are used to manage the group's exposure to fluctuations in interest rates on its floating rate borrowings. The maturity profile of these swaps is matched with the underlying debt. Hedging policy is to fix no more than 90% of term debt but also leave no more than 50% of borrowings on a floating rate. The expected future debt profile is based on estimates of the timings and size of future housing developments funding demands offset by an estimate of cash generated by operating activities.

l) **Convertible financial instruments**
Convertible financial instruments can be converted into third-party equity under certain circumstances. They do not meet the criteria for basic financial instruments under section 11 of FRS 102 and are recognised at their fair value, which is measured at the end of each reporting year with any changes being recognised in profit or loss.

4 **Summary of significant accounting policies** (continued)

Social housing and other grants

Social housing grant (SHG) is receivable from the Regulator for Social Housing (RSH). It is accounted for under section 24 of FRS 102 'Government Grants' using the accrual model. Once properties have been completed the grant is classified as a long-term creditor and amortised to the Consolidated Statement of Comprehensive Income for the year over the life of the properties' structure. Where grants are paid in advance, they are included in creditors until performance is completed.

If a property which received a grant is subsequently sold, or another relevant event takes place the SHG appears as a creditor due in less than one year. It can be recycled for use in a project approved by the RSH or repaid to the RSH if it is not used within the agreed timescale.

Prior to transition to FRS 102 the association held its social housing properties at valuation. On translation this became the deemed cost. All SHG received prior to transition on 1 April 2014 was transferred to the profit and loss reserve. It is recycled from this reserve if a relevant event occurs.

Government grants received after 1 April 2014 are recognised in income over periods in which the related costs are recognised for which the grant is intended to compensate, over the useful economic life of the property's structure.

Other Government grants received are also accounted for under section 24 of FRS 102 using the accrual model.

When part of the government grant is deferred, it is recognised as deferred income within creditors and allocated between due within one year and due after more than one year as appropriate.

Pension costs

The cost of providing retirement pensions and related benefits is accounted for in accordance with Section 28 of FRS 102 'Employee Benefits'.

The group participates in ten pension schemes. There are four Local Government Pension Schemes ('LGPS') which are the Dorset County Council Pension Fund, the Hampshire County Council Pension Scheme, the Somerset County Council Pension Scheme and the Wiltshire Council Pension Scheme. There are three separate schemes with the Social Housing Pension Scheme ('SHPS'). The accounting treatment for each scheme is described below.

The LGPSs are accounted for as defined benefit schemes. The assets for these schemes are held separately from those of the group in independently administered funds. Pension scheme assets are measured in accordance with the FRS 102 fair value hierarchy. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability.

The increase in the present value of the liabilities of the group's defined benefit pension schemes expected to arise from employee service in the year is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in operating expenditure. Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the Consolidated Statement of Financial Position net of the related deferred tax. Actuarial gains and losses which arise from the difference between actual and expected performance of the scheme are recognised in Other Comprehensive Income.

All LGPS schemes are closed to new starters.

The SHPS defined benefit scheme based on final salary and the CARE 1/60th scheme closed on 31 March 2020 and members were automatically transferred to the SHPS defined benefit CARE 120th scheme. Employees could opt to be transferred to the SHPS defined contribution scheme. The SHPS defined benefit CARE 120th scheme was closed to new applicants on 30 June 2019 with the exception of employees transferring from the defined benefit schemes. Employees have a choice of joining the SHPS defined contribution (stakeholder) scheme.

Defined contribution scheme costs are charged to the Consolidated Statement of Comprehensive Income as they fall due.

The scheme is accounted for as a defined benefit scheme as described for the LGPS above.

The SHPS defined benefit final salary scheme and SHPS defined benefit CARE 1/60th scheme was closed on 31 March 2020. Members were automatically transferred to the SHPS defined benefit CARE 120th scheme but could opt to be transferred to the SHPS defined contribution scheme.

The SHPS defined benefit CARE 120th scheme were closed to new starters from June 2019.

Employees joining Flourish Homes (now part of Aster Communities) between September 2003 and September 2010 were only offered entrance to a defined contribution ('stakeholder') scheme with Friends Provident. The Friends Provident scheme closed on 31 March 2020 and members were transferred to the SHPS defined contribution scheme. Between October 2010 and June 2019 new employees were offered entrance to the SHPS defined benefits career average scheme or the SHPS defined contribution scheme. Since July 2019 new employees have been offered entrance to the SHPS defined contribution scheme. Payments for both schemes are charged as an expense as they fall due.

From 1 April 2022, employees can opt to join the Aegon defined contribution pension scheme.

East Boro Housing Trust Limited operate a defined contribution pension scheme. The assets of the scheme are held separately from those of the association in an independently administered fund. The pension charge represents contributions payable by the group to the fund.

Central & Cecil Housing Trust operate a defined benefit pension scheme which is closed to new members. The pension scheme liability shown in the financial statements relates to the association's own defined benefit scheme. The difference between the fair value of the assets held in the association's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the association's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the association is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Central & Cecil Housing Trust also operate a defined contribution pension scheme. The assets of the scheme are held separately from those of the association in an independently administered fund. The pension charge represents contributions payable by the group to the fund.

Provisions

a) General provisions

A provision is recognised in the Consolidated Statement of Financial Position where the group has an obligation as a result of a past event, and it is probable that economic benefits will be required to settle the obligation. The amount of provision is re-assessed each year in the light of estimated future income and costs as appropriate.

Deferred taxation

Deferred taxation is provided in accordance with Section 29 of FRS 102 'Income Tax'. It is recognised in respect of all timing differences at the reporting date where transactions or events have occurred at that date that will result in either an obligation to pay more tax in the future or a right to pay less tax in the future.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the reporting date.

Revaluation reserve

Prior to transition to FRS 102, on 1 April 2014, the group's social housing properties were revalued each year. The revaluation reserve represents the increases in value of properties held at this date. On transition to FRS 102 the group moved to recognising its social housing at deemed cost and no longer recorded increases in social housing property valuation.

Restricted reserve

Reserves which arise from the sale of some properties where the transfer agreement with the local council requires the association to retain a portion of the sale proceeds are restricted. The reserve can only be used to fund investment in properties in the Mendip and Purbeck areas, in agreement with Mendip District Council and Purbeck District Council.

The restricted reserve within East Boro Housing Trust Limited represents the cash received as part of transfer of assets and operations from Soroptimist (Poole) Housing Association in 2018 and King Alfred Housing Association Limited in 2019. In accordance with the agreement made, this is restricted to being utilised on, or for the benefit of, the respective properties and their residents.

Merger reserve

On 10 March 2020 the assets and operations of the The Cyril Wood Memorial Trust Limited were transferred to East Boro Housing Trust Limited for proceeds of nil value. The transaction has been treated as a group reconstruction in accordance with FRS 102 and the Housing SORP the assets acquired have been recognised at their net book value.

5 Critical accounting judgements and estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates, which are shown below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the group's accounting policies

Fair value

The directors have made the following judgements regarding fair value:

- If land is donated at below market cost it is recognised at its fair value. The directors judge this to be its market value at the time of the donation.
- Investment properties are recognised each year at their fair value. The directors judge this to be their market value at the end of the reporting period; and
- Convertible financial instruments are recognised at their fair value. The directors judge this to be the face value of the third-party equity they could be converted into at the end of the reporting period.

Derivative financial instruments are used to manage interest rate risk. These financial instruments are recognised each year at their fair or mark to market (MTM) value. This is determined by measuring the future discounted cash flows generated by the financial instrument against the implied interest yield curve at that point in time for the same nominal amount. The difference between these two figures is the financial instrument's fair or mark to market value. The directors judge this to be an appropriate method of determining their fair value.

Cash generating units

When reviewing social housing properties for impairment the directors are required to consider the level of cash generating unit. For impairment purposes, the directors consider that each individual property constitutes a cash generating unit as it generates cash flows that are largely independent of the cash flows generated by other assets.

Impairment triggers for housing properties

On completion each development scheme is reviewed for impairment triggers using the group's property impairment flow chart. If it is judged that there is evidence that the scheme has activated one of the triggers in the flow chart an impairment review is undertaken. Where impairment is found the carrying value of the properties in the scheme is reduced to their depreciated replacement cost. This process is also applied to completed properties annually.

Useful lives of social housing property assets

Social housing property assets are split into their component parts, with each component being depreciated over a separate estimated useful economic life. The annual depreciation charge for social housing property assets in total is sensitive to changes in these estimated useful economic lives The useful economic lives of individual components are re-assessed as part of a rolling stock condition survey, examining approximately 20% of the stock annually, and amended where necessary. See note 4 for the useful economic lives for each class of component.

Multi-employer defined benefit pension plan

The group participates in a multi-employer defined benefit pension plans based on a career average of earnings, both provided by the Social Housing Pension Scheme and four local government pension schemes based on final salary earnings.

Local government pension scheme

There are uncertainties how the Court of Appeal judgement on the McCloud & Sargeant case, which relates to age discrimination within the Judicial & Fire Pension schemes, may affect LGPS members' past or future service benefits. Remedial regulations are expected in 2022 and uncertainty over the benefit changes proposed for the LGPS will remain until these have been finalised.

The directors have considered the potential impact of the McCloud case on the group and associations defined benefit liability as at 31 March 2022. With the exception of the past service cost included in the year to 31 March 2020, no additional liability has been recognised given the profile of the scheme members and assuming a very cautious outcome on the LGPS scheme liability the directors are satisfied that when fully accounted in the financial statements the impact will not be material to the group or association financial statements as at 31 March 2022.

Social Housing Pension Scheme

We have been notified by the Trustee of the scheme that it has performed a review of changed made to the scheme's benefits over the years and the result is that there is uncertainty surrounding some of those changes. The Trustee has been advised to seek clarification from the court on these items. The process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of the scheme liabilities, but given the current level of uncertainties, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Rebalancing surpluses from HomeBuy first tranche sales

Where social housing development schemes consist of social rental and shared ownership properties the cost of development is split between the individual properties by property classification. As these costs cannot be accurately assigned to individual properties management assumes that they are evenly spread by floor area.

The shared ownership property costs are then further split between the percentage of the property to remain as property, plant and equipment and the current asset based on the percentage to be sold as the first tranche sale.

The exception to this treatment is where the overall surplus on first tranche shared ownership sales on mixed tenure developments is restricted to the net present value of future cash flows on shared ownership properties.

6 Turnover, operating expenditure and profit

6a Turnover, operating expenditure and profit

	Note	2022		
		Turnover £000	Operating expenditure / cost of sales £000	Operating profit / (loss) £000
Income and expenditure from lettings				
Housing accommodation	6b	185,188	(137,756)	47,432
Other income and expenditure Social Housing				
Housing services provided to third parties		243	4	247
Independent living		2,299	(2,498)	(199)
Properties managed by agents		357	(51)	306
Community involvement		-	(856)	(856)
Connected living		1,130	(967)	163
Development costs not capitalised		-	(2,400)	(2,400)
Other		99	-	99
		4,128	(6,768)	(2,640)
Non-social housing				
Garage lettings		3,373	(2,151)	1,222
Sewerage services		140	(225)	(85)
Market rented property rental		942	(345)	597
Other		2,167	(185)	1,982
Coronavirus Job Retention Scheme Grant		9	-	9
		6,631	(2,906)	3,725
Total income and expenditure		195,947	(147,430)	48,517
Other income and cost of sales Social Housing				
First tranche shared ownership		44,784	(38,837)	5,947
Non Social Housing				
Open market property sales		202	(93)	109
Total other income and cost of sales		44,986	(38,930)	6,056
Total		240,933	(186,360)	54,573
Administrative expenses				(2,258)
Profit on sale of housing property, plant and equipment	7	42,435	(19,826)	22,609
Increase in fair value of investment properties	17			1,153
Operating profit before impairment				76,077
Net reversal of impairment of shared ownership properties held for sale				137
Operating profit				76,214

	Note	2021 Turnover £000	2021 Operating expenditure / cost of sales £000	2021 Operating profit / (loss) £000
Income and expenditure from lettings				
Housing accommodation	6b	170,799	(120,990)	49,809
Other income and expenditure Social Housing				
Housing services provided to third parties		242	(2)	240
Independent living		2,785	(2,185)	600
Properties managed by agents		343	(38)	305
Community involvement		14	(869)	(855)
Connected living		1,349	(1,083)	266
Development costs not capitalised		-	(2,250)	(2,250)
Other		88	-	88
		4,821	(6,427)	(1,606)
Non-social housing				
Garage lettings		3,238	(1,539)	1,699
Sewerage services		187	(222)	(35)
Market rented property rental		923	(277)	646
Management services		110	(98)	12
Other		957	(707)	250
Coronavirus Job Retention Scheme Grant		1,683	-	1,683
		7,098	(2,843)	4,255
Total income and expenditure		182,718	(130,260)	52,458
Other income and cost of sales Social Housing				
First tranche shared ownership		40,999	(36,582)	4,417
Non Social Housing				
Open market property sales		662	(557)	105
Total other income and cost of sales		41,661	(37,139)	4,522
Total		224,379	(167,399)	56,980
Administrative expenses				(824)
Profit on sale of housing property, plant and equipment	7	29,138	(11,267)	17,871
Increase in fair value of investment properties				633
Operating profit before impairment				74,660
Impairment of shared ownership properties held for sale	8			(138)
Impairment of office premises	8			(1,241)
Operating profit				73,281

6 **Turnover, operating expenditure and profit** (continued)

6b **Income and expenditure from lettings**

	2022				
	General needs housing £000	Supported housing £000	Shared ownership £000	Other £000	Total £000
Income					
Rents	134,613	20,284	12,174	3,008	170,079
Service charges	4,761	6,295	241	2,125	13,422
Amortisation of government grants	216	290	72	24	602
Other revenue grants	351	125	61	548	1,085
Total net rents from lettings	139,941	26,994	12,548	5,705	185,188
Expenditure					
Management	(32,174)	(8,326)	(1,257)	(1,007)	(42,764)
Services	(5,046)	(6,250)	(2,860)	(1,529)	(15,685)
Routine maintenance	(14,412)	(3,287)	(91)	(178)	(17,968)
Planned maintenance	(8,764)	(1,230)	-	-	(9,994)
Major improvements and repairs	(17,136)	(3,292)	-	(102)	(20,530)
Bad debts	(1,139)	(159)	(2)	(2)	(1,302)
Depreciation of housing properties	(22,852)	(3,329)	(2,016)	(39)	(28,236)
Accelerated depreciation on component disposals	(936)	(338)	-	(3)	(1,277)
Operating costs on lettings	(102,459)	(26,211)	(6,226)	(2,860)	(137,756)
Operating profit on lettings activities before impairment	37,482	783	6,322	2,845	47,432
Net reversal of impairment of shared ownership properties held for sale	-	-	-	137	137
Operating profit on lettings activities	37,482	783	6,322	2,982	47,569
Rental income is stated net of void losses as set out below:					
Void losses	873	786	80	257	1,996

	2021				
	General needs housing £000	Supported housing £000	Shared ownership £000	Other £000	Total £000
Income					
Rents	129,097	18,885	10,524	884	159,390
Service charges	4,058	4,708	232	1,661	10,659
Amortisation of government grants	153	209	63	-	425
Other revenue grants	226	64	34	1	325
Total net rents from lettings	133,534	23,866	10,853	2,546	170,799
Expenditure					
Management	(29,002)	(5,584)	(1,079)	(35)	(35,700)
Services	(3,438)	(5,110)	(3,674)	(164)	(12,386)
Routine maintenance	(14,866)	(2,523)	(253)	(17)	(17,659)
Planned maintenance	(10,779)	(1,549)	-	(11)	(12,339)
Major improvements and repairs	(12,734)	(2,039)	-	(14)	(14,787)
Bad debts	(436)	(101)	-	(5)	(542)
Depreciation of housing properties	(21,761)	(3,308)	(1,702)	(9)	(26,780)
Accelerated depreciation on component disposals	(475)	(322)	-	-	(797)
Operating costs on lettings	(93,491)	(20,536)	(6,708)	(255)	(120,990)
Operating profit on lettings activities before impairment	40,043	3,330	4,145	2,291	49,809
Impairment of shared ownership properties held for sale	-	-	(138)	-	(138)
Operating profit on lettings activities	40,043	3,330	4,007	2,291	49,671
Rental income is stated net of void losses as set out below:					
Void losses	967	641	105	264	1,977

6 Turnover, operating expenditure and profit (continued)

6c Segmental analysis

The group has determined the Executive Board to be the chief operating decision maker. The Executive Board reports to the Overlap Board and has operational responsibility for all aspects of the group's business. It has the power to make operational decisions and allocate resources. The Executive Board have determined that the group's operating segments are represented by the group's individual subsidiaries. The tables below are a summary of the management information received by the Executive Board for decision making purposes. Segments are reported on by expenditure and income. Segmental assets and liabilities have not been disclosed because they are not regularly provided to the Executive Board for decision making.

Turnover

	2022						
	Net rental income £000	Independent and connected living, support and care contracts £000	Repairs and maintenance income £000	Design and build and management services fees £000	First tranche and open market property sales £000	Other £000	Total £000
Aster Communities	116,726	-	-	799	27,610	806	145,941
Synergy Housing Ltd	60,598	-	-	331	9,197	146	70,272
Aster 3 Ltd	5,024	-	-	-	7,977	-	13,001
Aster Living	-	2,260	-	-	-	-	2,260
Aster Property Ltd	-	-	78,613	-	-	(2)	78,611
Aster Homes Ltd	-	-	-	113,324	1,540	-	114,864
Aster LD Ltd	-	-	-	-	-	-	-
Aster Group Ltd	-	-	-	26,692	-	-	26,692
Aster Treasury Plc	-	-	-	-	-	-	-
Silbury Housing and Holdings Ltd	-	-	-	-	-	1,737	1,737
Aster Solar Ltd	-	-	-	-	-	305	305
East Boro Housing Trust & Services Ltd	3,286	1,150	-	-	202	263	4,901
Central & Cecil Housing Trust	5,435	19	-	5,263	-	343	11,060
Eliminations	(1,069)	-	(78,613	(146,166)	(1,540)	(1,323)	(228,711)
	190,000	3,429	-	243	44,986	2,275	240,933

Profit / (loss)

	2022							
	Turnover £000	Cost of sales £000	Operating expenditure £000	Fair value adjustments £000	Disposal of housing properties £000	Depreciation £000	Impairment £000	Operating profit / (loss) £000
Aster Communities	145,941	(25,171)	(66,037)	159	16,393	(18,513)	-	52,772
Synergy Housing Ltd	70,272	(8,033)	(33,651)	994	5,692	(9,887)	-	25,387
Aster 3 Ltd	13,001	(7,173)	(2,985)	-	735	(944)	-	2,634
Aster Living	2,260	-	(2,507)	-	-	(35)	-	(282)
Aster Property Ltd	78,611	-	(77,919)	-	-	(1,004)	-	(312)
Aster Homes Ltd	114,864	(105,614)	(6,709)	-	-	-	-	2,541
Aster LD Ltd	-	-	(4)	-	-	-	-	(4)
Aster Group Ltd	26,692	-	(29,572)	-	-	(851)	-	(3,731)
Aster Treasury Plc	-	-	-	-	-	-	-	-
Silbury Housing and Holdings Ltd	1,737	-	(1,024)	-	-	-	-	713
Aster Solar Ltd	305	-	(78)	-	-	(135)	-	92
East Boro Housing Trust & Services Ltd	4,901	(93)	(3,768)	-	(10)	(535)	-	495
Central & Cecil Housing Trust	11,060	(5,263)	(5,178)	-	(1)	(655)	137	100
Eliminations	(228,711)	112,417	112,256	-	(200)	47	-	(4,191)
	240,933	(38,930)	(117,176)	1,153	22,609	(32,512)	137	76,214
Net interest								(27,664)
Loss on disposal of other property, plant and equipment and intangible assets								8
Share of joint venture profit								2,631
Gain on acquisition								119,409
Profit before taxation								170,598

6 **Turnover, operating expenditure and profit** (continued)

6c **Segmental analysis** (continued)

Turnover

	2021						
	Net rental income £000	Independent and connected living £000	Repairs and maintenance income £000	Design and build and management services fees £000	First tranche and open market property sales £000	Other £000	Total £000
Aster Communities	111,131	-	-	787	28,006	97	140,021
Synergy Housing Ltd	58,923	-	-	326	8,046	86	67,381
Aster 3 Ltd	3,189	-	-	-	4,947	-	8,136
Aster Living	-	2,450	-	-	-	19	2,469
Aster Property Ltd	-	-	61,188	-	-	1,660	62,848
Aster Homes Ltd	-	-	-	82,918	1,127	-	84,045
Aster LD Ltd	-	-	-	-	-	-	-
Aster Group Ltd	-	-	-	26,284	-	-	26,284
Aster Treasury Plc	-	-	-	-	-	-	-
Silbury Housing and Holdings Ltd	-	-	-	-	-	1,708	1,708
Aster Solar Ltd	-	-	-	-	-	337	337
East Boro Housing Trust Ltd	3,017	1,684	-	-	662	118	5,481
East Boro Housing Services Ltd	-	-	-	18	-	112	130
Eliminations	(1,113)	-	(60,962)	(109,781)	(1,127)	(1,478)	(174,461)
	175,147	4,134	226	552	41,661	2,659	224,379

Profit / (loss)

	2021							
	Turnover £000	Cost of sales £000	Operating expenditure £000	Fair value adjustments £000	Disposal of housing properties £000	Depreciation £000	Impairment £000	Operating profit / (loss) £000
Aster Communities	140,021	(25,607)	(61,452)	-	12,635	(17,663)	(1,241)	46,693
Synergy Housing Ltd	67,381	(7,416)	(30,687)	633	5,238	(9,622)	(138)	25,389
Aster 3 Ltd	8,136	(4,674)	(1,579)	-	-	(589)	-	1,294
Aster Living	2,469	-	(1,791)	-	-	(73)	-	605
Aster Property Ltd	62,848	-	(63,964)	-	-	(985)	-	(2,101)
Aster Homes Ltd	84,045	(77,277)	(4,701)	-	-	-	-	2,067
Aster LD Ltd	-	-	-	-	-	-	-	-
Aster Group Ltd	26,284	-	(24,596)	-	-	(968)	-	720
Aster Treasury Plc	-	-	-	-	-	-	-	-
Silbury Housing and Holdings Ltd	1,708	-	(995)	-	-	-	-	713
Aster Solar Ltd	337	-	(71)	-	-	(136)	-	130
East Boro Housing Trust Ltd	5,481	(557)	(3,868)	-	98	(618)	-	536
East Boro Housing Services Ltd	130	(11)	(109)	-	-	-	-	10
Eliminations	(174,461)	78,403	93,383	-	(100)	-	-	(2,775)
	224,379	(37,139)	(100,430)	633	17,871	(30,654)	(1,379)	73,281
Net interest								(28,163)
Loss on disposal of other property, plant and equipment and intangible assets								(44)
Share of joint venture profit								400
Profit before taxation								**45,474**

7 Profit / (loss) on disposal of housing property, plant and equipment

	2022			2021		
	Proceeds £000	Cost of sales £000	Profit / (loss) £000	Proceeds £000	Cost of sales £000	Profit / (loss) £000
Right to buy	**3,960**	**(4,306)**	**(346)**	2,093	(2,201)	(108)
Right to acquire	**593**	**(164)**	**429**	1,143	(253)	890
Shared ownership staircasing	**14,609**	**(8,152)**	**6,457**	7,222	(4,537)	2,685
Void property disposals	**21,962**	**(6,997)**	**14,965**	15,518	(3,574)	11,944
Others	**1,311**	**(207)**	**1,104**	3,162	(702)	2,460
	42,435	**(19,826)**	**22,609**	29,138	(11,267)	17,871

Local authority clawback payments, legal and other related costs are included in cost of disposal.

8 Operating profit

	2022 £000	2021 £000
Operating profit is stated after charging:		
Auditors' remuneration (excluding irrecoverable VAT)		
In their capacity as auditors:		
Financial statements audit	**301**	216
In respect of other services:		
Service charge review	**13**	8
Other non-adiut services	**5**	57
Depreciation:		
Property, plant and equipment - (social housing)	**28,271**	26,696
Accelerated depreciation of components	**1,277**	797
Property, plant and equipment - (other assets)	**2,403**	2,247
Amortisation of intangible assets	**561**	914
Impairment:		
Shared ownership properties held for sale - (net reversal)/charge	**(137)**	138
Office premises	**-**	1,241
Profit on shared ownership properties, first tranche	**5,947**	4,417
Operating lease payments:		
Land and buildings	**71**	81
Office premises	**415**	433
Office equipment	**132**	23

9 Employee information

	2022 No.	2021 No.
The average number of persons employed during the year (full time equivalents 'FTE') based on 37 hours per week	**1,410**	1,347

FTE by salary bands:
Salary includes salary, car allowance, any acting up allowances, bonuses and pension contributions made by the group.

	2022 No.	2021 No.
£59,999 or less	**1,280**	1,249
£60,000 to £69,999	**46**	37
£70,000 to £79,999	**26**	18
£80,000 to £89,999	**20**	7
£90,000 to £99,999	**7**	12
£100,000 to £109,999	**13**	11
£110,000 to £119,999	**4**	2
£120,000 to £129,999	**5**	2
£130,000 to £139,999	**1**	1
£140,000 to £149,999	**2**	-
£150,000 to £159,999	**-**	1
£190,000 to £199,999	**1**	1
£200,000 to £209,999	**-**	1
£210,000 to £219,999	**1**	1
£220,000 to £229,999	**1**	1
£230,000 to £239,999	**1**	1
£250,000 to £259,999	**1**	-
£300,000 to £309,999	**-**	1
£310,000 to £319,999	**1**	-
£320,000 to £329,999	**-**	1
	1,410	1,347

None of the above employees received any enhanced pension payments during the year (2021: nil).

Staff costs:

	2022 £000	2021 £000
Wages and salaries	**50,474**	45,945
Social security costs	**4,896**	4,375
Other pension costs	**4,154**	3,315
	59,524	53,635

Details of the highest paid director are included in the Directors' Remuneration Report.

10 Profit / (loss) on disposal of other property, plant and equipment and intangible assets

	2022			2021		
	Proceeds £000	Cost of disposal £000	Profit / (loss) £000	Proceeds £000	Cost of disposal £000	Profit / (loss) £000
Motor vehicles	**113**	**(73)**	**40**	18	-	18
Computer equipment	**-**	**-**	**-**	-	(4)	(4)
Solar panels	**10**	**(18)**	**(8)**	4	(7)	(3)
Office equipment	**7**	**(31)**	**(24)**	-	(55)	(55)
Total	**130**	**(122)**	**8**	22	(66)	(44)

11 Finance income and expense

	Note	2022 £000	2021 £000
Interest receivable and similar income			
Interest on short term deposits		**134**	194
Finance debtor interest receivable		**2,225**	2,304
Other interest receivable		**1,384**	1,768
Total interest income on financial assets not measured at fair value through profit or loss		**3,743**	4,266
Unwinding of trade debtor discounting		**226**	180
		3,969	4,446
Interest payable and similar charges			
Guaranteed fixed rate secured bonds		**(18,096)**	(15,808)
Fixed rate loans		**(11,808)**	(13,533)
Floating rated loans		**(1,896)**	(3,688)
Interest rate swaps		**(3,624)**	(2,052)
Less interest capitalised		**6,093**	4,683
		(29,331)	(30,398)
Disposal proceeds fund interest		**-**	-
Recycled capital grant fund interest		**(16)**	(17)
Interest charged on amounts due under right to buy sharing agreement		**-**	-
Amortisation of arrangement fees		**(335)**	(340)
Administration charge		**(975)**	(888)
Ineffective interest		**(29)**	-
Amortisation of issue costs		**(211)**	(89)
Total interest payable on financial liabilities not measured at fair value through profit or loss		**(30,897)**	(31,732)
Trade debtor discounting		**26**	(175)
		(30,871)	(31,907)
Interest on net pension liability			
Local government pension schemes	32	**(416)**	(560)
SHPS pension schemes	32	**(346)**	(142)
		(762)	(702)
Net finance expense		**(27,664)**	(28,163)

12 Gains and losses on financial instruments measured at fair value through other comprehensive income

	2022	
	Gains £000	Losses £000
Financial liabilities measured at fair value	9,903	-
	9,903	-

	2021	
	Gains £000	Losses £000
Financial liabilities measured at fair value	8,285	-
	8,285	-

ASTER GROUP

13 Tax on profit on ordinary activities

(a) Tax expense included in profit or loss

	2022 £000	2021 £000
The tax (credit) / charge on the profit on ordinary activities was as follows:		
Current tax		
UK corporation tax expense	-	59
Adjustment for prior year	(59)	-
Total current tax	(59)	59
Deferred tax		
Origination and reversal of timing differences	(445)	(446)
Adjustment for prior year	50	164
Changes in tax rate or laws	(551)	-
Total deferred tax	(946)	(282)
Tax on profit on ordinary activities	(1,005)	(223)

(b) Tax charge / (credit) included in other comprehensive income / (expense)

	2022 £000	2021 £000
Deferred tax		
Origination and reversal of timing differences	433	(514)
Changes in tax rate or laws	(7)	-
Total	426	(514)

The tax assessed for the year differs from the standard rate of corporation tax in the UK as explained below.

(c) Factors affecting tax charge / (credit) for the year

	2022 £000	2021 £000
Profit on ordinary activities before taxation	**170,598**	45,474
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 19% (2021: 19%)	**32,414**	8,640
Effects of:		
Gain on acquisition	**(22,688)**	-
Profit from charitable activities	**(8,137)**	(9,036)
Expenses not deductible	**7**	62
Effects of tax rate changes	**(551)**	-
Joint venture profit share	**(2,333)**	(53)
Losses	**292**	-
Adjustments for prior year	**(9)**	164
	(1,005)	(223)

(d) Deferred tax

	2022 £000	2021 £000
Asset at start of year	**(1,807)**	(1,010)
Adjustment for prior year	**50**	(1)
Deferred tax credit to income statement for the year	**(996)**	(282)
Deferred tax charge / (credit) in other comprehensive income for the year	**426**	(514)
Asset at end of year	**(2,327)**	(1,807)

(e) Tax rate changes

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 March has been calculated based on the rate of 19% (2021: 19%)

14 Intangible assets

	Assets under construction £000	Computer software £000	Total £000
Cost			
At 1 April 2021	685	8,593	9,278
Additions	1,283	2	1,285
Completions	(386)	386	-
At 31 March 2022	1,582	8,981	10,563
Accumulated amortisation			
At 1 April 2021	-	7,605	7,605
Charge for year	-	561	561
At 31 March 2022	-	8,166	8,166
Net book value as at 31 March 2022	**1,582**	**815**	**2,397**
Net book value as at 31 March 2021	685	988	1,673

15 Property, plant and equipment (social housing)

On transition to FRS 102 Aster Group has elected to take the transitional exemption laid out in paragraph 35.10(d) of FRS 102 and is using the 31 March 2014 valuation as the deemed cost of social housing properties held at that date. All social housing properties completed or acquired after that date are recognised at cost.

	Housing properties under construction £000	Completed housing properties £000	Shared ownership under construction £000	Shared ownership completed £000	Total £000
Cost					
At 1 April 2021	67,560	1,582,281	38,907	268,284	1,957,032
Additions	84,361	-	56,937	-	141,298
Components	-	20,320	-	-	20,320
Disposal of components	-	(5,558)	-	-	(5,558)
Completions	(61,308)	61,308	(38,348)	38,348	-
Reclassification of existing asset	-	(458)	-	-	(458)
Acquisition of CCHT	63,126	81,094	-	-	144,220
Disposals	-	(9,800)	-	(7,940)	(17,740)
At 31 March 2022	153,739	1,729,187	57,496	298,692	2,239,114
Accumulated depreciation					
At 1 April 2021	-	129,766	-	5,905	135,671
Charge for year	-	26,255	-	2,016	28,271
Disposal of components	-	(4,281)	-	-	(4,281)
Reclassification of existing asset	-	(201)	-	-	(201)
Acquisition of CCHT	-	27,805	-	-	27,805
Disposals	-	(1,527)	-	(290)	(1,817)
At 31 March 2022	-	177,817	-	7,631	185,448
Net book value at 31 March 2022	153,739	1,551,370	57,496	291,061	2,053,666
Net book value at 31 March 2021	67,560	1,452,515	38,907	262,379	1,821,361

The cost of completed properties during the year includes £6.1 million (2021: £4.7 million) of capitalised borrowing costs at an average cost of borrowing of 2.3% (2021: 2.5%).

Net book value of property, plant and equipment - social housing by tenure

	2022 £000	2021 £000
Freehold	2,008,173	1,820,476
Short leasehold	8,635	-
Long leasehold	36,858	885
Net book value	2,053,666	1,821,361

15 **Property, plant and equipment (social housing)** (continued)

Current value of completed social housing properties

The below valuation was carried out by Jones Lang LaSalle Limited Chartered Surveyors on 31 March 2022, on the basis of Existing Use Value - Social Housing. The valuations were carried out in accordance with RICS Appraisal and Valuation Manual effective from 1 January 1996 (as amended).

	Housing properties under construction £000	Completed housing properties £000	Shared ownership under construction £000	Shared ownership completed £000	Total £000
Existing Use Valuation - Social Housing					
Valuation at 31 March 2022	**-**	**2,108,325**	**-**	**291,730**	**2,400,055**
Valuation at 31 March 2021	-	1,798,780	-	254,075	2,052,855

16 Property, plant and equipment (other assets)

	Office premises £000	Leasehold office improvements £000	Motor vehicles £000	Office and estate equipment £000	Computer equipment £000	Total £000
Cost						
At 1 April 2021	9,217	908	9,561	12,142	6,730	38,558
Additions	-	-	30	2,501	385	2,916
Reclassification of existing asset	-	-	-	458	-	458
Acquisition of CCHT	6,663	-	-	7,713	-	14,376
Disposals	-	-	(483)	(1,041)	-	(1,524)
At 31 March 2022	**15,880**	**908**	**9,108**	**21,773**	**7,115**	**54,784**
Accumulated depreciation						
At 1 April 2021	4,535	235	6,529	7,316	6,145	24,760
Charge for year	120	18	964	895	406	2,403
Reclassification of existing asset	-	-	-	201	-	201
Acquisition of CCHT	1,434	-	-	4,951	-	6,385
Disposals	-	-	(410)	(993)	-	(1,403)
At 31 March 2022	**6,089**	**253**	**7,083**	**12,370**	**6,551**	**32,346**
Net book value at 31 March 2022	**9,791**	**655**	**2,025**	**9,403**	**564**	**22,438**
Net book value at 31 March 2021	4,682	673	3,032	4,826	585	13,798

17 Investment properties

	Market rented properties £000	Freehold £000	Total investment properties £000
Fair value			
At 1 April 2021	16,471	1,071	17,542
Acquisition of CCHT	775	-	775
Fair value adjustment	1,153	-	1,153
At 31 March 2022	18,399	1,071	19,470

The above valuation was carried out by Jones Lang LaSalle Limited Chartered Surveyors on the basis of Market Value using the comparison method at 31 March 2022.

Market value is defined by the Royal Institution of Chartered Surveyors (RICS) as 'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'. The valuations were carried out in accordance with RICS Appraisal and Valuation Manual effective from 1 January 1996 (as amended).

18 HomeBuy loans receivable

	2022 £000	2021 £000
At 1 April	**3,606**	3,760
Proceeds received from sales	**(207)**	(243)
Profits on redemption of loan	**63**	89
At 31 March	**3,462**	3,606

The group operates the HomeBuy Scheme lending up to 25% of the cost of a property purchase to tenants who wish to own their own home. This loan is secured on the title of the property. On subsequent sale of the property by the purchaser the group receives a proportion of the sale proceeds equal to the original percentage lent.

19 Investments in joint ventures

Aster Homes Limited has set up three limited liability partnership jointly controlled entities, White Rock Land LLP, Boorley Green LLP and Kilnwood Vale LLP, with Vistry Homes Limited to develop and sell properties for social and private housing. For the year to 31 March 2022 White Rock Land LLP made a profit of £1.4 million (2021: £0.4 million loss); Boorley Green LLP made a profit of £0.7 million (2021: £0.1 million loss) and Kilnwood Vale LLP made a profit of £3.2 million (2021: £1.3 million profit). White Rock Land LLP, Boorley Green LLP and Kilnwood Vale LLP made no distribution to shareholders (2021: £nil).

	2022 £000	Group's share (50%) £000	2021 £000	Group's share (50%) £000
Total assets - White Rock Land LLP	**30,996**	**15,498**	41,227	20,614
Total assets - Boorley Green LLP	**37,181**	**18,591**	43,326	21,663
Total assets - Kilnwood Vale LLP	**12,065**	**6,033**	16,573	8,287
Total assets	**80,242**	**40,122**	101,126	50,564
Total liabilities - White Rock Land LLP	**(26,827)**	**(13,414)**	(38,454)	(19,227)
Total liabilities - Boorley Green LLP	**(33,288)**	**(16,644)**	(40,151)	(20,076)
Total liabilities - Kilnwood Vale LLP	**(8,595)**	**(4,298)**	(16,253)	(8,127)
Total liabilities	**(68,710)**	**(34,356)**	(94,858)	(47,430)
Net assets	**11,532**	**5,766**	6,268	3,134

20 Other investments

	2022 £000	2021 £000
White Rock Land LLP	-	-
Boorley Green LLP	-	-
Kilnwood Vale LLP	-	-
MORhomes PLC	230	230
	230	230

Aster Homes Limited holds one £1 share in White Rock Land LLP, one £1 share in Boorley Green LLP and one £1 share in Kilnwood Vale LLP. These entities are jointly controlled with Vistry Homes Limited, with the group holding 50%. The shares are fully paid.

Aster Group holds 20,000 fully paid 10 pence shares with a premium of 90 pence and 420,000 10 pence shares with a premium of 40 pence in MORhomes PLC, whose primary activity is to act as a borrowing vehicle for the social housing sector.

21 Debtors: amounts falling due after more than one year

	2022 £000	2021 £000
Finance debtor	34,997	36,403
Loan to joint ventures	19,042	26,757
European Investment Bank and Affordable Housing Finance liquidity reserve funds	3,062	3,062
MORhomes convertible financial instruments	460	460
MORhomes facility security	849	849
Deferred funding fees	117	233
Other debtors	706	-
	59,233	67,764

The European Investment Bank (EIB) loans, require Aster Group to hold an amount of at least twelve months' interest payments in liquidity reserve funds as security against default on interest payments. These funds are controlled by the EIB and the Aster Group can only access the funds when the principal of the loans are repaid.

Under certain circumstances the MORhomes PLC fixed rate unsecured convertible financial instruments ('CoCo Loan Notes') can be converted to equity.

22 **Inventories**

	2022 £000	2021 £000
Trade consumables	**871**	711
Properties in the course of construction	**6,868**	2,256
	7,739	2,967

Trade consumables relate to small items carried on the group's repair vehicles to be used in minor repairs. Properties in the course of construction is comprised of the initial cost of development schemes.

23 **Debtors: amounts falling due within one year**

	2022 £000	2021 £000
Trade debtors	**878**	1,128
Rent arrears	**13,139**	8,592
Service charge under-recovery	**6,246**	5,100
Less discounting of debts payable over more than 12 months	**(858)**	(1,109)
Less provision for bad debts - rent arrears and service charges	**(6,111)**	(4,326)
	13,294	9,385
Finance debtor	**2,947**	2,979
Loan to joint ventures	**11,063**	16,690
Other debtors	**6,249**	956
Less provision for bad debts - other debtors	**(13)**	(85)
Deferred tax	**2,327**	1,807
VAT recoverable	**1,061**	420
Other capital grants receivable	**-**	9
Prepayments and accrued income	**8,336**	5,606
	45,264	37,767

Group deferred tax liabilities have been netted from the group's deferred tax asset as all deferred tax relates to the same authority.

24 Shared ownership properties held for sale

	Under construction £000	Completed £000	Total £000
1 April 2021	25,236	10,022	35,258
Additions	46,591	-	46,591
Acquisition of CCHT to the group	-	6,062	6,062
Completions	(33,442)	33,442	-
Reversal of impairment	-	137	137
Disposals	-	(38,450)	(38,450)
31 March 2022	38,385	11,213	49,598

25 Cash and cash equivalents

	2022 £000	2021 £000
Short term deposits	45,228	135,181
Cash at bank and in hand	51,096	71,580
	96,324	206,761

26 Creditors: amounts falling due within one year

	Note	2022 £000	2021 £000
Trade creditors		5,198	4,775
Taxation and social security payable		2,138	1,331
Pension contributions		479	562
VAT payable		536	376
Rent paid in advance		6,063	4,073
Service charge over-recovery		1,628	1,569
Amounts due under right to buy sharing agreement		2,764	1,277
Capital grant received in advance		383	821
Social housing grant	28	21,726	12,092
Recycled capital grant fund	29	2,872	1,595
Other creditors		4,583	3,551
Corporation tax	13	-	59
Accruals and deferred income		39,466	25,478
Loan interest and charges		-	327
Loan repayable (within 1 year)	31e	58,128	71,741
		145,964	129,627

27 Creditors: amounts falling due after more than one year

	Note	2022 £000	2021 £000
Loans repayable			
In less than five years		**91,089**	126,599
In five years or more		**948,857**	945,698
Less unamortised issue fees		**(4,499)**	(5,346)
Less unamortised discount issue fees		**(2,664)**	(2,708)
Less deferred arrangement fees		**(1,090)**	-
Less effective interest adjustments		**-**	-
Plus unamortised premium on issue		**32,862**	32,492
		1,064,555	1,096,735
Social housing grant	28	**33,498**	31,320
Recycled capital grant fund	29	**1,774**	1,256
Disposal proceeds fund	30	**473**	473
Interest rate swap		**8,896**	18,807
HomeBuy grants		**3,462**	3,606
Other grants		**148**	67
		1,112,806	1,152,264

Interest is payable on housing loans at varying commercial rates. Loans are secured by fixed charges on individual properties. Interest rates ranged from 1.5% to 6.3% (2021: 1.5% to 6.3%) for fixed / hedged loans between 0.3% and 1.2% (2021: between 0.3% and 0.7%) for variable loans.

At 31 March 2022, the group had undrawn loan facilities of £280.0 million (2021: £307.5 million) to finance future operating cash flows and investments.

28 Social housing grant

	2022 £000	2021 £000
Balance as at 1 April	**43,412**	38,836
Additions	**12,472**	5,176
Disposals	**(233)**	(182)
Amortised within Statement of Comprehensive Income	**(427)**	(418)
Withdrawal	**-**	-
Balance as at 31 March	**55,224**	43,412
Recognised in:		
Creditors: amounts falling due within one year	**21,726**	12,092
Creditors: amounts falling due after one year	**33,498**	31,320
	55,224	43,412

Social housing grant ('SHG') is receivable from the Regulator for Social Housing ('RSH'). Grant received for properties under construction is classified as a creditor due in less than one year. Once properties have been completed the grant is classified as a long-term creditor and amortised to the profit or loss for the period over the life of the properties' structure.

Cumulative government grants received

	2022 £000	2021 £000
Social housing grant	**296,359**	283,887
HomeBuy grant	**3,462**	3,606
Total government grant received	**299,821**	287,493
Recognised in:		
Profit and loss reserve	**241,135**	240,475
Creditors: amounts falling due within one year	**21,726**	12,092
Creditors: amounts falling due after more than one year	**36,960**	34,926
	299,821	287,493

The total accumulated amount of social housing grant relates to properties owned at the balance sheet date.

29 Recycled capital grant fund

	2022 £000	2021 £000
Balance as at 1 April	**2,851**	3,528
Additions:		
Grants recycled	**1,903**	785
Interest	**16**	17
Withdrawals:		
New build	**(124)**	(1,479)
Balance as at 31 March	**4,646**	2,851
Analysis of maturity:		
- in less than one year	**2,872**	1,595
- in one to two years	**803**	497
- in more than two years	**971**	759
	4,646	2,851

The recycled capital grant fund relates to social housing or housing association grant previously received on social housing properties that have been disposed off. The RSH permits grants to be reinvested within a three year period and requires funds which have not been reinvested within three years to be repaid. A waiver was granted for elapsed balances which are all committed.

Notes to the
Consolidated Financial Statements

30 Disposal proceeds fund

	2022 £000	2021 £000
Balance as at 1 April	**473**	473
Balance as at 31 March	**473**	473
Recognised in:		
Creditors: amounts falling due after one year	**473**	473
	473	473

Following the deregulation changes made to the Housing and Planning Act 2016, which came into force on 6 April 2017, the requirement to recycle grant into the disposal proceed fund was removed. Aster Group Limited will continue to make withdrawals from the disposal proceeds fund to fund new builds. Interest was added to the disposal proceeds fund until the end of wind-down period on 6 April 2020.

31 Financial instruments

31a Financial instruments' descriptions

The group holds several different types of financial instrument which it uses to fund its activities and manage it's interest rate risk. The characteristics of the main classes of financial instrument held are given below:

Interest rate swaps

An interest rate swap is an agreement between two parties to exchange interest rate types. Floating rate interest is exchanged for fixed rated interest and vice-versa. During the year the group managed its interest rate risk and reduced interest rate volatility through five interest rate swaps, exchanging floating rated interest for fixed rated interest.

The value of the group's interest rate swaps is measured at each year end at the instruments fair value using a mark-to-market valuation. Where an instrument has a positive mark-to-market valuation it is treated as an asset and conversely where the mark-to-market value is negative it's treated as a liability. Any changes in the mark-to-market fair value are recognised in profit or loss unless the interest rate swap is designated as a hedging instrument and used in a hedging relationship for hedge accounting. Hedge accounting is outlined below.

At 31 March 2022 the group held £8.9 million (2021: £18.8 million) of interest rate swap financial liabilities

Euro medium term note programme

The company launched a £1 billion Guaranteed Secured Euro Medium Term Note (EMTN) Programme on 15 January 2021 and issued its first note under that programme on 27 January 2021. £250 million was issued (£50m retained) with a maturity of 27 January 2036 at a fixed interest rate of 1.405% payable half-yearly in arrears. The notes are listed on the London Stock Exchange.

The notes were issued at par value with no premium or discount. Issue costs were deducted from the amount received. The carrying value of the notes in the group's financial statements is calculated using the effective interest method. This spreads the issue fees over the life of the notes. The interest charge to profit and loss is the effective interest and not the amount actually paid.

COVID Corporate Financing Facility Commercial Paper

On 10 July 2020 the group issued £50 million of Commercial Paper under the COVID Corporate Financing Facility (CCFF) at an interest rate of 0.32%, which matured and was repaid on 19 March 2021. On 21 July 2020 the group issued a further £50 million at an interest rate of 0.27% which was repaid on 20 July 2021.

Guaranteed fixed rate secured bonds

The group has issued £360 million of guaranteed fixed rate secured bonds. They are listed on the London Stock Exchange with a maturity date of 18 December 2043. They are denominated in sterling and the interest or coupon rate is 4.5% payable half-yearly in arrears.

The bonds were issued in seven tranches, six tranches at a premium and one at a discount so the amount of funds received were not the same as the principal amount. Issue costs were also deducted from the amount received. The carrying value of these bonds in the group's financial statements is calculated using the effective interest rate method. This spreads the premium or discount and the issue fees over the life of the bond. The interest charge to profit and loss is the effective interest and not the amount actually paid.

Fixed rate loans

These loans are recognised using the effective interest method (which averages the interest rate over the life of the loan) because either the margin added to the base fixed interest rate varies over the life of the loan or the costs of issuing the loan are spread over the life of the loan. As with the group's notes and bonds, the interest charged to profit or loss is the effective interest and not the amount actually paid. During the year the effective interest charged to profit and loss was £215,000 lower (2021: £164,000 higher) than the actual interest paid.

At the end of the year the group had drawn £327.9 million (2021: £342.9 million) of fixed rate loans which incurred an effective interest charge during the year of between 1.5% and 6.3% (2021: 1.5% and 6.3%). These loans have a carrying value of ££328.0 million (2021: £342.3 million) giving a cumulative effective interest adjustment of £0.3 million (2021: £0.2 million).

Floating rate loans

The interest on these loans was converted during the year from London Inter-Bank Offered Rate (LIBOR) to Sterling Overnight Interbank Average Rate (SONIA), as LIBOR was phased out. The interest on these loans varies or floats as SONIA changes. In addition to SONIA a margin is also charged which makes up the total interest rate. Within the total amount the group can borrow from its lenders there is a set amount designed as floating loans, once this limit is reached the group cannot draw down any more floating rate loans. At the end of the year the group had drawn £210.8 million (2021: £189.8 million) of floating rate loans and was charged an interest rate of between 0.3% and 1.2% (2021: 0.3% and 0.7%).

Finance Debtor

The finance debtor is a floating rate |loan which represent a senior debt facility to be used for the construction and management of the social housing under contract with Wiltshire Council. The bank loan is repayable by six-monthly instalments commencing on 30 September 2014, with the outstanding balance being payable in full on 31 March 2033. As at 31 March 2022 the balance on the finance debtor was £37.9 million (2021: £39.4 million).

31 **Financial instruments** (continued)

31a **Financial instruments' descriptions** (continued)

Disposal proceeds fund

Following the deregulation changes made to the Housing and Planning Act 2016, which came into force on 6 April 2017, the requirement to recycle grant into the disposal proceed fund and repay elapsed balances was removed. Aster Group Limited will continue to make withdrawals from the disposal proceeds fund to fund new builds. The disposal proceeds fund continued to have interest added until the end of the wind down period on 6 April 2020. The balance on the fund is £473,000 (2021: £473,000).

Convertible financial instruments

Convertible financial instruments can be converted into third-party equity under certain circumstances. These instruments are recognised at the face value of the third-party equity they could be converted into at the end of each reporting year. Any changes in value are taken through profit or loss.

At 31 March 2022 the association held £460,000 (2021: £460,000) of convertible financial instruments with £Nil (2021: £Nil) fair value movement being recognised in profit or loss.

Recycled Capital Grant Fund

The group receives social housing grant ('SHG') from the Regulator for Social Housing ('RSH') to build social housing. When the tenant of a New Build HomeBuy property purchases a further tranche of the property, if there are sufficient sales proceeds, the associated grant will be recycled via the recycled capital grant fund. Like the disposal proceeds fund a notional amount of interest is added to the fund each year depending on the value of the fund. The balance in the group's recycled capital grant fund at the end of the year was £4.6 million (2021: £2.9 million), this includes £16,000 (2021: £17,000) of interest added during the year.

Loan commitments measured at cost less impairment

The group has various borrowing facilities available to it. The undrawn committed facilities are valued at cost less impairment. The amount of undrawn borrowings at 31 March 2022 was £280.0 million (2021: £307.5 million). The cost of the undrawn facility is £807,000 (2021: £794,000).

Hedge accounting

The group has four interest rate swaps that meet the requirements under FRS 102 section 12: Other financial instruments, for hedge accounting. The group uses hedge accounting to manage the volatility of the fair value movements of its interest rate swaps. The hedging relationship is between an interest rate swap, the hedging instrument, and a loan, the hedged item. The relationship allows the fair value movements in the hedging instrument that are equal to the fair value movements in the hedged item, the effective part, to be recognised through Other Comprehensive Income in the cash flow hedge reserve rather than profit or loss. The parts of the movement that do not match, the ineffective part, are recognised in profit or loss.

For the year ended 31 March 2022 the group recognised £9.9 million gains (2021: £8.3 million gains) of net effective cash flow hedge movements in Other Comprehensive Income and £29,000 (2021: £Nil) of ineffective cash flow hedge movements in profit or loss.

31b **Financial instruments' classifications**

Amortised cost

Basic financial instruments such as loans are measured at amortised cost. This is calculated using the effective interest rate method. For floating rate loans and fixed rate loans with no interest rate changes the effective interest will equal the amount of interest paid. For fixed rated loans which have changes in interest rate over the life of the loan the effective interest rate will average the different interest rates over the life of the loan. The effective interest is the amount that is recognised in profit or loss.

Fair value through profit or loss

Complex financial instruments, such as derivatives are recognised at fair value through profit or loss. At the end of each financial year their value is calculated by looking at an active market of similar instruments and establishing what their value would be if they were traded on that market, their fair value. Any changes in the fair value are recognised in the Consolidated Statement of Comprehensive Income.

Equity

Equity is the difference between an entities total assets and total liabilities. Where an association has joint or a controlling interest in another company its share of the equity in that company is recognised in its financial statements.

ASTER GROUP

31 **Financial instruments** (continued)

31c Financial instrument carrying values

	2022 £000	2021 £000
Financial assets that are debt instruments measured at amortised cost		
Finance debtor	**37,944**	39,382
Loans to limited liability partnership	**30,105**	43,447
Trade and rent debtors	**20,263**	14,820
Liquidity funds	**3,062**	3,062
Other grants receivable	**-**	9
Other debtors	**6,249**	956
	97,623	101,676
Financial assets that are equity instruments measured at cost less impairment		
Investment in joint venture	**5,766**	3,134
	5,766	3,134
Financial liabilities measured at fair value through profit or loss		
Derivative financial instruments held to manage interest rates - Interest rate swaps	**(8,896)**	(18,807)
	(8,896)	(18,807)
Financial liabilities measured at amortised cost		
Guaranteed medium term notes	**(198,000)**	(197,872)
Guaranteed fixed rate secured bonds	**(385,049)**	(385,897)
Fixed rate loans	**(327,954)**	(341,986)
Hedged floating rated loans classified as fixed rated loans	**(88,969)**	(143,616)
Floating rated loans	**(121,847)**	(48,509)
COVID Corporate Financing Facility commercial paper	**-**	(49,960)
Convertible financial instruments	**(460)**	(460)
Disposal proceeds fund	**(473)**	(473)
Recycled capital grant fund	**(4,646)**	(2,851)
Trade and rent creditors	**(12,889)**	(10,417)
Accruals	**(39,466)**	(25,478)
Other creditors	**(4,583)**	(3,551)
	(1,184,336)	(1,211,070)
Loan commitments measured at cost less impairment		
Undrawn committed borrowings	**280,000**	307,500
Carrying value of undrawn committed borrowings	**-**	-

The above loan commitments are not recognised in the association's financial statements.

Methods and assumptions used in the assessment of fair values

Fair values are calculated using measurements based on inputs that are observable for the asset or liability either directly or indirectly from market data. The carrying values of interest rate swaps have been calculated using mark to market valuations.

31d Interest rate profile of borrowings

	2022 £000	2021 £000
Group's borrowings comprise:		
Guaranteed fixed rate secured bonds	**360,000**	360,000
Guaranteed medium term notes	**200,000**	200,000
Convertible financial instruments	**460**	460
MORhomes fixed rate loans	**39,540**	39,540
Affordable housing finance fixed rated loans	**150,000**	150,000
Fixed rate loans	**138,178**	152,573
Hedged floating rated loans classified as fixed rated loans	**88,969**	143,616
Floating rate loans	**121,847**	48,509
COVID Corporate Financing Facility commercial paper	**-**	50,000
Recycled capital grant fund	**4,646**	2,851
Disposal proceeds fund	**473**	473
	1,104,113	1,148,022

The above values are the loan principal repayable not the loan's carrying value. When floating rate loans have been hedged they are classified in the above table as fixed rate.

	2022		2021	
	Weighted average interest rate %	Weighted average for which rate is fixed Years	Weighted average interest rate %	Weighted average for which rate is fixed Years
At 31 March				
Guaranteed fixed rate secured bonds	**4.50**	**21.70**	4.50	22.70
Convertible financial instruments	**3.70**	**15.90**	3.70	16.90
Fixed rated loans	**3.31**	**13.00**	3.23	12.13
Fixed rate secured medium term notes	**1.41**	**13.80**	1.41	14.84
Commercial Paper	**-**	**-**	0.21	0.30

31e Maturity of borrowings

The maturity profile of the principal value of the group's loans, as shown in note 31d, is:

	2022			2021		
	Repayment			Repayment		
	By instalments £000	Not by instalments £000	Total £000	By instalments £000	Not by instalments £000	Total £000
0 - 1 years	**56,000**	**5,000**	**61,000**	21,741	51,595	73,336
1 - 2 years	**17,910**	**-**	**17,910**	57,811	-	57,811
2 - 5 years	**73,179**	**-**	**73,179**	68,788	-	68,788
Over 5 years	**278,942**	**673,082**	**952,024**	273,396	674,691	948,087
	426,031	**678,082**	**1,104,113**	421,736	726,286	1,148,022

The repayment profile is based on loan documentation and considering the impact of undrawn facilities.

The above borrowings are secured against the group's social housing properties. The value of the secured properties is £1,799 million (2021: £1,910 million). At 31 March 2022 properties valuing £498 million (2021: £116 million) were unsecured and available to be secured.

31 **Financial instruments** (continued)

31f Hedge accounting

Hedging instrument

	2022						
	Principal £000	Interest rate payable %	Maturity	Cash flows	Fair value £000	Credit to OCI £000	Credit to profit or loss £000
Barclays swaps	34,018	3.08	2034	Monthly	(2,945)	(3,346)	-
Credit Suisse swap	25,000	2.97	2031	Monthly	(1,320)	(2,046)	-
Credit Suisse swap	-	2.26	2022	Monthly	-	(1,090)	-
Notting Hill swap	8,000	2.96	2038	Half yearly	(1,226)	(921)	-
Notting Hill swap	22,000	2.85	2037	Quarterly	(3,405)	(2,500)	29
	89,018				(8,896)	(9,903)	29

Hedging instrument

	2021						
	Principal £000	Interest rate payable %	Maturity	Cash flows	Fair value £000	Credit to OCI £000	Credit to profit or loss £000
Barclays swaps	35,431	3.08	2034	Monthly	(6,288)	(2,460)	-
Credit Suisse swap	27,500	2.97	2031	Monthly	(3,366)	(1,177)	-
Credit Suisse swap	50,000	2.26	2022	Monthly	(1,090)	(947)	-
Notting Hill swap	8,000	2.96	2038	Half yearly	(2,143)	(1,065)	-
Notting Hill swap	22,000	2.85	2037	Quarterly	(5,920)	(2,636)	-
	142,931				(18,807)	(8,285)	-

The objective of the hedge is to use an interest rate swap to eliminate the variability of cash flows associated with the interest payments on an associated portion of a floating loan.

The cash flows on both the hedged loans and interest rate swaps relating to Credit Suisse hedging arrangements are paid monthly and affect profit or loss with the same frequency. The cash flows of the loans hedged by the Notting Hill interest rate swaps occur monthly and are recognised in profit or loss with this frequency. The Notting Hill interest swap cash flows occur half yearly and quarterly. They affect profit or loss with this frequency. Interest accruals are used to match the frequencies until the cash flows occur.

32 Pension obligations

Group pension schemes

The cost of providing retirement pensions and related benefits is accounted for in accordance with FRS 102 section 28 – 'Employee Benefits'. The group participates in ten pension schemes.

There are six defined benefit schemes:

- Wiltshire Pension Scheme (closed to new members);
- Hampshire County Council Pension Scheme (closed to new members);
- Somerset County Council Pension Scheme (closed to new members);
- Dorset County Council Pension Scheme (closed to new members);
- SHPS career average of earnings scheme (CARE) (closed to new members);
- CCHT Pension Fund (closed to new members);

and four defined contribution ('stakeholder') schemes:

- SHPS defined contribution scheme;
- Royal London defined contribution scheme (open to East Boro Housing Trust Limited employees);
- CCHT Pension Fund defined contribution scheme; and
- Aegon defined contribution scheme (from 1 April 2022).

The accounting treatments for each of the schemes are described below.

The pension cost to the group for the year ended 31 March 2022 was £4.2 million (2021: £3.2 million) in respect of 1,743 (2021: 1,340) employees.

The group makes scheduled contribution payments throughout the year to reduce the pension liability deficit.

Summary of movements and balances in funding

		2022			
	Note	Total cost by scheme £000	Total interest on net pension liability by scheme £000	Actuarial gains / (losses) in pension scheme £000	Pension deficit £000
Local government pension schemes					
Wiltshire	32a	172	44	3,208	424
Wiltshire asset ceiling	32a	-	-	(2,361)	(2,361)
Hampshire	32a	30	20	1,770	1,708
Hampshire asset ceiling	32a	-	-	(1.708)	(1.708)
Hampshire - unfunded	32a	-	10	20	(420)
Somerset	32a	259	107	2,261	(1,879)
Dorset	32a	616	235	4,913	(5,503)
SHPS					
Defined benefit scheme	32b	958	346	8,238	(7,143)
Defined contribution scheme	32b	1,896	-	-	-
Royal London		24	-	-	-
CCHT					
Defined benefit schemes	32d	121	-	121	-
Defined contribution scheme	32d	78	-	-	-
		4,154	762	16,462	(16,882)

		2021			
	Note	Total cost by scheme £000	Total interest on net pension liability by scheme £000	Actuarial gains / (losses) in pension scheme £000	Pension deficit £000
Local government pension schemes					
Wiltshire	32a	153	28	(1,446)	(3,329)
Wiltshire asset ceiling	32a	-	-	210	210
Hampshire	32a	30	70	1,400	(1,390)
Hampshire - unfunded	32a	-	10	(30)	(450)
Somerset	32a	175	155	(890)	(6,083)
Dorset	32a	436	297	(4,306)	(13,874)
SHPS					
Defined benefit scheme	32b	773	142	(10,627)	(16,164)
Defined contribution scheme	32b	1,704	-	-	-
Royal London	32c	44	-	-	-
		3,315	702	(15,689)	(41,080)

32 **Pension obligations** (continued)

Local government pension scheme

An allowance was made in the financial statements for the year ending 31 March 2020 in relation to the Court of Appeal judgement on the McCloud & Sargeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively.

As at 31 March 2020 the total liabilities included an estimate of the impact resulting in an increase on the defined benefit obligation. It should be noted that the adjustment included is an estimate of the potential impact on the defined benefit obligation based on analysis carried out by the Government Actuary's Department and the liability profile.

There are uncertainties how this judgement may affect LGPS members' past or future service benefits. Remedial regulations are expected in 2022 and uncertainty over the benefit changes proposed for the LGPS will remain until these have been finalised.

The directors have considered the potential impact of the McCloud case on the group and associations defined benefit liability as at 31 March 2022. With the exception of the past service cost included in the year to 31 March 2020, no additional liability has been recognised given the profile of the scheme members and assuming a very cautious outcome on the LGPS scheme liability the directors are satisfied that when fully accounted in the financial statements the impact will not be material to the group or association financial statements as at 31 March 2022.

32a Local government pension funds

The group participates in four funds as an admitted body under the Local Government Superannuation Regulations 1995, funded jointly by employer and employee contributions. The funds are a defined benefit final salary multi-employer scheme, and are contracted out.

As at the balance sheet date active members of the scheme employed by the group and the annual pensionable payroll in respect of these members was:

	2022		2021	
	Active Members No.	Annual pensionable payroll £000	Active Members No.	Annual pensionable payroll £000
Dorset County Council Pension Fund	**33**	**1,182**	35	1,163
Hampshire County Council Pension Fund	**1**	**61**	2	66
Somerset County Council Pension Fund	**14**	**495**	14	476
Wiltshire Pension Fund	**9**	**329**	12	410

The funds are subject to an actuarial valuation of the scheme every three years. The main purpose of the valuation is to determine the financial position of the scheme in order to address the level of future contributions required so that the scheme can meet its pension obligations as they fall due.

Each scheme actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the scheme as at 31 March 2022. The principal assumptions used by the independent qualified actuaries in updating the latest valuation in order to provide the disclosures required by Financial Reporting Standard No. 102 section 28 – Employee Benefits are stated below. The actuary has used the projected unit credit method of valuation.

The last triennial valuation was performed on 31 March 2019 and the results have been incorporated into the financial statements for 2022.

The next triennial valuation is due to be carried out on 31 March 2022 and the results for this will be incorporated into the financial statements for 2023.

The information in the financial statements relating to the valuation of the pensions scheme's assets and liabilities has been prepared by the scheme's actuaries:

Pension Fund:	**Actuary:**
Dorset County Council Pension Fund	Barnett Waddingham
Hampshire County Council Pension Fund	Hewitt Associates Limited
Somerset County Council Pension Fund	Barnett Waddingham
Wiltshire Pension Fund	Hymans Robertson LLP

Hampshire County Council also provides unfunded pension scheme. This relates to unfunded pension arrangements provided by the group. These are termination benefits made on a discretionary basis upon early retirement in respect of members of the LGPS.

32 **Pension obligations** (continued)

32a **Local government pension funds** (continued)

	Dorset	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
Financial assumptions	31 MARCH 2022				
	%p.a.	%p.a.	%p.a.	%p.a.	%p.a.
Price increases - RPI	n/a	n/a	n/a	n/a	n/a
Price increases - CPI	3.3	3.1	3.1	n/a	n/a
Pension increases	3.3	3.1	3.1	3.3	3.3
Salary increases	4.3	4.1	n/a	4.3	3.7
Discount rate	2.6	2.8	2.8	2.6	2.7

Mortality	2022				
	Years	Years	Years	Years	Years
Current pensioners					
Females	24.7	25.4	25.4	24.7	24.2
Males	23.1	22.9	22.9	23.1	21.7
Future pensioners					
Females	26.1	27.1	n/a	26.1	26.0
Males	24.4	24.7	n/a	24.4	22.6

Fair value of plan assets	31 MARCH 2022				
	£000	£000	£000	£000	£000
Equities	23,685	9,890	n/a	15,185	15,310
Gilts	5,732	3,200	n/a	1,121	-
Debt instruments	3,023	-	n/a	-	-
Bonds	2,317	-	n/a	2,097	9,534
Property	4,267	1,230	n/a	1,698	3,755
Diversified Growth Fund	5,103	-	n/a	-	-
Other	-	3,280	n/a	-	-
Cash	573	858	n/a	961	289
	44,700	18,458	n/a	21,062	28,888
Asset ceiling adjustment	-	(1,708)	n/a	-	(3,001)
	44,700	16,750	n/a	21,062	25,887

Cost recognised as an expense	31 MARCH 2022				
	£000	£000	£000	£000	£000
Current service cost	586	30	n/a	250	172
Interest costs	1,014	370	10	460	574
Expected return on assets employed	(779)	(350)	n/a	(353)	(530)
Administration expenses	30	-	n/a	9	-
	851	50	10	366	216

Return on plan assets	4,157	1,190	n/a	1,524	2,220

	Dorset	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
Financial assumptions	31 MARCH 2021				
	%p.a.	%p.a.	%p.a.	%p.a.	%p.a.
Price increases - RPI	2.9	2.7	2.7	n/a	1.9
Price increases - CPI	n/a	2.1	2.1	n/a	1.9
Pension increases	2.9	2.1	n/a	1.9	1.9
Salary increases	3.9	3.1	n/a	2.9	2.3
Discount rate	2.0	2.3	2.3	2.4	2.3
Mortality	2021				
	Years	Years	Years	Years	Years
Current pensioners					
Females	24.6	25.5	25.5	24.6	24.4
Males	23.1	23.1	23.1	23.1	21.9
Future pensioners					
Females	26.0	27.3	n/a	26.0	26.2
Males	24.4	24.8	n/a	24.4	22.9
Fair value of plan assets	31 MARCH 2021				
	£000	£000	£000	£000	£000
Equities	20,111	9,400	n/a	12,809	15,213
Gilts	4,194	2,860	n/a	1,023	-
Debt instruments	2,294	-	n/a	-	-
Bonds	2,775	-	n/a	1,726	8,694
Property	3,426	1,010	n/a	1,231	3,260
Diversified Growth Fund	3,782	-	n/a	-	-
Other	-	3,010	n/a	-	-
Cash	798	230	n/a	1,023	-
	37,380	16,510	n/a	17,812	27,167
Asset ceiling adjustment	-	-	n/a	-	(850)
	37,380	16,510	n/a	17,812	26,317
Cost recognised as an expense	31 MARCH 2021				
	£000	£000	£000	£000	£000
Current service cost	414	30	n/a	168	153
Interest costs	978	370	10	455	565
Expected return on assets employed	(681)	(300)	n/a	(300)	(537)
Administration expenses	22	-	n/a	7	-
	733	100	10	330	181
Return on plan assets	5,160	3,510	n/a	3,642	4,015

32 **Pension obligations** (continued)

32a **Local government pension funds** (continued)

Reconciliation of scheme liabilities	Dorset	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
	31 MARCH 2022				
	£000	£000	£000	£000	£000
Opening defined benefit obligation	51,254	17,900	450	23,895	29,646
Current service cost	586	30	-	250	172
Interest cost	1,014	370	10	460	574
Contributions by members	81	10	-	33	24
Actuarial gains	(1,535)	(930)	(20)	(1,090)	(1,518)
Estimated benefits paid	(1,190)	(630)	(20)	(607)	(1,065)
Estimated unfunded benefits paid	(7)	-	-	-	(9)
Closing defined benefit obligation	50,203	16,750	420	22,941	27,824

Reconciliation of fair value of employer assets	31 MARCH 2022				
	£000	£000	£000	£000	£000
Opening fair value of employer assets	37,380	16,510	-	17,812	26,527
Expected return on assets	779	350	-	353	530
Contributions by members	81	10	-	33	24
Contributions by employers	4,309	1,378	20	2,309	542
Administration expenses	(30)	-	-	(9)	-
Return on assets less interest	3,378	-	-	1,171	632
Unfunded contributions	-	-	-	-	9
Actuarial losses	-	840	-	-	1,058
Benefits paid	(1,197)	(630)	(20)	(607)	(1,065)
Unfunded benefits paid	-	-	-	-	(9)
Closing fair value of employer assets	44,700	18,458	-	21,062	28,248
Asset ceiling adjustment	-	(1,708)	-	-	(2,361)
Closing fair value of scheme assets recognised in financial statements	44,700	16,750	-	21,062	25,887
Net Pension deficit	(5,503)	-	(420)	(1,879)	(1,937)

Projected pension expense for the year to **31 MARCH 2023**	31 MARCH 2023				
	£000	£000	£000	£000	£000
Funded benefits					
Projected current service cost	554	30	-	227	158
Interest on obligation	139	(10)	-	45	739
Expected return on plan assets	-	-	-	-	(773)
Administration expenses	33	-	-	10	-
	726	20	-	282	124
Unfunded benefits	-	-	10	-	-
Interest on obligation	-	-	10	-	-

Reconciliation of scheme liabilities	Dorset	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
	31 MARCH 2021				
	£000	£000	£000	£000	£000
Opening defined benefit obligation	42,188	16,318	430	19,685	24,949
Current service cost	414	30	-	168	153
Past service cost	-	-	-	-	-
Interest cost	978	370	10	455	565
Contributions by members	80	10	-	32	29
Actuarial losses	8,785	1,810	30	4,232	4,924
Estimated benefits paid	(1,184)	(638)	(20)	(677)	(965)
Estimated unfunded benefits paid	(7)	-	-	-	(9)
Closing defined benefit obligation	51,254	17,900	450	23,895	29,646

Reconciliation of fair value of employer assets	31 MARCH 2021				
	£000	£000	£000	£000	£000
Opening fair value of employer assets	29,049	13,627	-	12,527	22,675
Expected return on assets	681	300	-	300	537
Contributions by members	80	10	-	32	29
Contributions by employers	4,304	3	20	2,295	563
Administration expenses	(22)	-	-	(7)	-
Return on assets less interest	4,479	-	-	3,342	2,587
Unfunded contributions	-	-	-	-	9
Actuarial losses	-	3,210	-	-	891
Benefits paid	(1,191)	(640)	(20)	(677)	(965)
Unfunded benefits paid	-	-	-	-	(9)
Closing fair value of employer assets	37,380	16,510	-	17,812	26,317
Asset ceiling adjustment	-	-	-	-	210
Closing fair value of scheme assets recognised in financial statements	37,380	16,510	-	17,812	26,527
Net Pension deficit	(13,874)	(1,390)	(450)	(6,083)	(3,119)

32 **Pension obligations** (continued)

32b The Social Housing Pension Scheme

The group participates in the Social Housing Pension Scheme ("the scheme").

SHPS is a multi-employer defined benefit scheme. Employer participation in the scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'.

The scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

- Final salary with a 1/60th accrual rate;
- Final salary with a 1/70th accrual rate; and
- Career average revalued earnings (CARE) with a 1/60th accrual rate.

From April 2010 a further two defined benefit structures have been available, namely:

- Final salary with a 1/80th accrual rate – not available to employees of Aster Group; and
- Career average revalued earnings (CARE) with a 1/80th accrual rate – not available to employees of Aster Group.

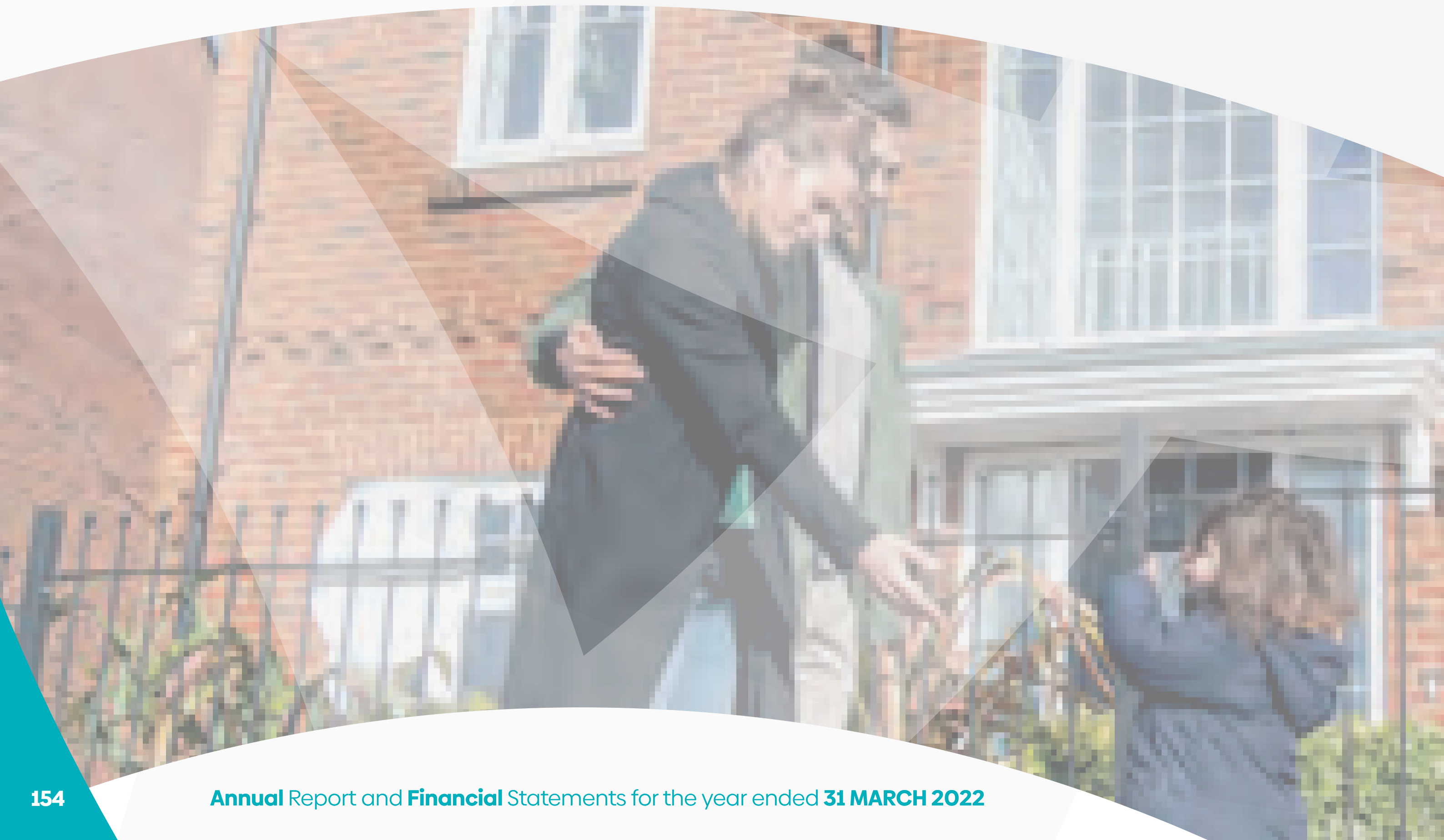
A defined contribution benefit structure was made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

In February 2014, Aster Group introduced a career average revalued earnings (CARE) with a 1/120th accrual rate which closed to new starters in June 2019.

The SHPS defined benefit final salary scheme and SHPS defined benefit CARE 1/60th scheme were closed on 31 March 2020. Members were automatically transferred to the SHPS defined benefit CARE 120th scheme but could opt to be transferred to the SHPS defined contribution scheme.

We have been notified by the Trustee of the scheme that it has performed a review of changed made to the scheme's benefits over the years and the result is that there is uncertainty surrounding some of those changes. The Trustee has been advised to seek clarification from the court on these items. The process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of the scheme liabilities, but given the current level of uncertainties, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.



SHPS defined benefit scheme

Aster Group participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

SHPS defined benefit plan

In October 2018 the High Court published its judgement on the case of Lloyds Banking Group and the equalisation of Guaranteed Minimum Pensions ('GMP'). This has consequently been assessed against the group's defined benefit schemes. The impact of GMP Equalisation in respect of the SHPS Pension Scheme have been recognised in the year. A further High Court ruling in November 2020 has resulted in additional allowance being included in the defined benefit obligation as at 31 March 2022 to account for all members transferred out of the Scheme since 17 May 1990.

As at the balance sheet date there were 133 (2021: 147) active members of the scheme employed by Aster Communities, Synergy Housing Limited, Aster Living, Aster Property Limited and Aster Group Limited (the group). The annual pensionable payroll in respect of these members was £5.7 million (2021: £5.8 million).

The fund is subject to an actuarial valuation of the scheme every three years. The main purpose of the valuation is to determine the financial position of the scheme in order to address the level of future contributions required so that the scheme can meet its pension obligations as they fall due.

The scheme actuary has prepared an actuarial report that provides an approximate update on the funding position of the scheme as at 31 March 2022. The principal assumptions used by the independent qualified actuaries in updating the latest valuation in order to provide the disclosures required by Financial Reporting Standard No. 102 section 28 – Employee Benefits are stated below. The actuary has used the projected unit credit method of valuation.

The last triennial valuation was performed on 30 September 2020 and the results have been incorporated into the financial statements for 2022.

The next triennial valuation will be carried out on 30 September 2023 and the results for this will be incorporated into the financial statements for 2025.

The information in the financial statement relating to the valuation of the pensions scheme's assets and liabilities has been prepared by the scheme's actuaries, JLT.

The Social Housing Pension Scheme defined contribution scheme

The scheme is administered by the Pensions Trust. It is open to all members of staff and is the pension scheme for auto-enrolment. The company paid contributions between 4% and 10% (2021: 4% and 10%) and employees paid contributions from 3% (2021: from 3%). On retirement, funds or units earned can be converted into a pension with the Trust, or used to secure a pension with another provider. At 31 March 2022 there were 1,074 (2021: 1,051) active members of the scheme.

32 **Pension obligations** (continued)

32b **The Social Housing Pension Scheme** (continued)

The Social Housing Pension Scheme defined benefit scheme

Financial assumptions

	31 MARCH 2022 %p.a.	31 MARCH 2021 %p.a.
Price increases - RPI	**3.4**	3.2
Price increases - CPI	**3.1**	2.9
Salary increases	**4.1**	3.9
Discount rate	**2.8**	2.2

Mortality

	2022 Years	2021 Years
Current pensioners		
Females	**23.7**	23.5
Males	**21.1**	21.6
Future pensioners		
Females	**25.2**	25.1
Males	**22.4**	22.9

Fair value of plan assets

	31 MARCH 2022 £000	31 MARCH 2021 £000
Absolute Returns	**2,328**	2,795
Global Equity	**11,135**	8,069
Liability Driven Investment	**16,190**	12,864
Property and Infrastructure	**7,193**	5,419
Investments	**7,385**	6,312
Sharing and alterative premia risk	**3,824**	3,750
Emerging market and private debt	**3,175**	3,251
Cash	**196**	-
Other	**6,593**	8,161
	58,019	50,621

Cost recognised as an expense

	31 MARCH 2022 £000	31 MARCH 2021 £000
Current service cost	**906**	722
Interest costs	**346**	142
Administration expenses	**52**	51
	1,304	915

Return on plan assets	**5,828**	5,617

Reconciliation of defined benefit obligation

	31 MARCH 2022 £000	31 MARCH 2021 £000
Opening defined benefit obligation	**66,785**	50,789
Current service cost	**906**	722
Contributions by scheme participants	**3**	4
Expenses	**52**	51
Interest expense	**1,483**	1,184
Actuarial losses / (gains)	**(3,547)**	15,202
Benefits paid and expenses	**(520)**	(1,167)
Closing defined benefit obligation	**65,162**	66,785

Reconciliation of fair value of scheme assets

	31 MARCH 2022 £000	31 MARCH 2021 £000
Opening fair value of scheme assets	**50,621**	44,058
Interest income	**1,137**	1,042
Actuarial gains	**4,691**	4,575
Contributions by the employer	**2,087**	2,109
Contributions by scheme participants	**3**	4
Benefits paid and expenses	**(520)**	(1,167)
Closing fair value of scheme assets	**58,019**	50,621
Net pension liability	**7,143**	16,164

32c **East Boro Housing Trust Limited**

East Boro Housing Trust Limited operate a defined contribution pension scheme. The scheme is administered by Royal London and is open to employees of East Boro Housing Trust Limited. The assets of the scheme are held separately from those of the association in an independently administered fund. The company paid contributions of 3% (2021: 3%) and employees paid contributions of 5% (2021: from 5%). At 31 March 2022 there were 59 (2021: 88) active members of the scheme. The pension charge represents contributions payable by the group to the fund and amounted to £24,000 (2021: £44,000).

32 **Pension obligations** (continued)

32d **Central & Cecil Housing Trust**

Defined contribution scheme

A defined contribution pension scheme is operated by Central & Cecil Housing Trust. The assets of the scheme are held separately from those of the association in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £290,000 (2021: £261,000). Contributions totaling £52,000 (2021: £41,000) were payable to the fund at the year end and are included in creditors. Since the merger on 1 January 2022, £78,000 of pension costs have been recognised in the group's consolidated financial statements.

Defined benefit pension scheme

Central & Cecil Housing Trust operates a defined benefit pension scheme ('CCHT Pension Fund'). The CCHT Pension Fund is a registered defined benefit (final salary) scheme. The Fund provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at retirement or leaving service and their length of service. The Fund closed to new entrants from 31 May 2014. Pension benefits depend upon age, length of service and salary level.

The Fund was established under trust and is governed by the Fund's definitive trust deed and rules dated 30 January 2004.

The scheme funding valuation as at 31 March 2020 revealed a funding surplus of £188,000. In accordance with the Schedule of Contributions dated 29 March 2021 the Association is expected to pay no contributions over future accounting periods. With the effect from 1 September 2020, except to the extent agreed otherwise in writing, the Association is not expected to meet any expense payments in relation to administering the Fund. These will instead be met out of the Fund's surplus assets. Over the period the Fund disinvested the majority of its invested assets and purchased a buy-in insurance policy with Legal and General to meet all future Fund benefit payments.

In late 2021, Central & Cecil Housing Trust pension scheme purchased a buy-in insurance policy for £16.1 million covering all non-insured benefits in the Fund. The £2.8 million cost of this transaction and the on-going running costs of the Scheme were fully funded by assets held by the scheme. The scheme is now in the process of being closed in consultation with the beneficiaries. As at 31 March 2022 the Fund holds the value of that insurance policy and surplus funds held as cash.

The liabilities of the Fund are based on the current value of expected benefit payment cashflows to members approximately over the next 60 years. The average duration of the liabilities is approximately 17 years.

A full actuarial valuation of the Fund was carried out as at 31 March 2020 and has been updated to 31 March 2022 by a qualified independent actuary.

None of the assets of the Fund are invested in the Association's own financial instruments and none of the assets are properties or other assets used by the Association.

The major assumptions used by the actuary were (in nominal terms) as follows:

Financial assumptions

	31 MARCH 2022 %p.a.	31 DECEMBER 2021 %p.a.
Price increases - RPI	**3.9**	3.6
Price increases - CPI	**3.4**	3.1
Salary increases	**3.9**	3.6
Discount rate	**2.4**	1.6

Mortality

	31 MARCH 2022 Years	31 DECEMBER 2021 Years
Current pensioners		
Females	**23.8**	23.8
Males	**21.8**	21.7
Future pensioners		
Females	**25.6**	25.5
Males	**23.8**	23.7

Fair value of plan assets

	31 MARCH 2022 £000	31 DECEMBER 2021 £000
Insured annuities	**11,698**	13,207
Cash and other	**1,462**	1,714
	13,160	14,921

Cost recognised as an expense

	31 MARCH 2022 £000	31 DECEMBER 2021 £000
Current service cost	-	2,599
Interest costs	-	-
Administration expenses	121	176
	121	2,775
Return on plan assets	(1,579)	1,482

Reconciliation of defined benefit obligation

	31 MARCH 2022 £000	31 DECEMBER 2021 £000
Opening defined benefit obligation	13,207	13,052
Current service cost	-	-
Contributions by scheme participants	-	-
Interest expense	52	154
Actuarial losses / (gains)	(1,500)	283
Benefits paid and expenses	(61)	(282)
Closing defined benefit obligation	11,698	13,207

Reconciliation of fair value of scheme assets

	31 MARCH 2022 £000	31 DECEMBER 2021 £000
Opening fair value of scheme assets	14,921	16,496
Interest income	59	195
Actuarial gains	(1,638)	1,287
Settlements	-	(2,599)
Scheme administration costs	(121)	(176)
Benefits paid and expenses	(61)	(282)
Closing fair value of scheme assets	13,160	14,921
Asset ceiling adjustment	(1,462)	(1,714)
Closing fair value of scheme assets recognised in financial statements	11,698	13,207
Net Pension deficit	-	-

The amounts recognised in profit or loss:

	31 MARCH 2022 £000	31 DECEMBER 2021 £000
Service cost	121	2,775
Net interest on the net defined benefit liability	-	-
	121	2,775

Net defined benefit liability / (asset) to be shown in OCI:

	31 MARCH 2022 £000	31 DECEMBER 2021 £000
Return on assets, excluding interest income	1,638	(1,287)
Interest income as a result of unrecognised surplus	(7)	(41)
Experience gains and losses arising on the Fund liabilities	(2)	186
Changes in assumptions underlying the present value of the Fund liabilities	(1,498)	97
Change in the amount of surplus that is not recoverable (excluding interest income)	(252)	(1,730)
	(121)	(2,775)

33 Other provisions

	2022 £000
At 1 April	**343**
Acquisition of CCHT to the group	**2,812**
Released during the year	**(39)**
At 31 March	**3,116**

Other provisions relate to a provision for unused office space rented by the group under an operating lease and a dilapidation provision on leased housing stock recognised on the acquisition of CCHT the group.

34 Called up share capital

	2022 £	2021 £
Ordinary shares allotted, issued and fully paid of £1 each		
At 1 April	**6**	6
Issued during the year	**1**	-
At 31 March	**7**	6

35 Other reserves

	Revaluation reserve £000	Restricted reserve £000	Cash flow hedge reserve £000	Merger reserve £000	Total £000
At 1 April 2021	390,930	436	(18,806)	462	373,022
Revaluation surplus realised on disposals	(2,419)	-	-	-	(2,419)
Effective cash flow hedge fair value movements	-	-	9,903	-	9,903
Clawback reinvestment	-	730	-	-	730
Transfer from profit and loss reserve	-	279	-	-	279
At 31 March 2022	388,511	1,445	(8,903)	462	381,515

Revaluation reserve
Prior to transition to FRS 102, on 1 April 2014, the group's social housing properties were revalued each year. The revaluation reserve represents the increases in value of properties held at this date. On transition to FRS 102 the group moved to recognising its social housing at deemed cost and no longer recorded increases in social housing property valuation.

Restricted reserve
The restricted reserve consists of the sales proceeds of some properties where the local council required the group to retain a portion of the proceeds. The reserve can only be used to fund investments in properties in the Mendip area, in agreement with Mendip District Council.

The additions to restricted reserve in 2020 represents the cash received as part of transfer of assets and operations from Soroptimist (Poole) Housing group in 2018 and King Alfred Housing group Limited in 2019. In accordance with the agreement made, this is restricted to being utilised on, or for the benefit of, the respective properties and their residents.

The additions to restricted reserve represents the claw back reinvested as part of the disposal of properties in the Purbeck area. In accordance with the agreement made, the reserve can only be used to fund investments in properties in the Purbeck area.

Cash flow hedge reserve
The cash flow hedge reserve is used to record the effective transactions from the group's cash flow hedging arrangements.

Merger reserve
On 10 March 2020 the assets and operations of The Cyril Wood Memorial Trust Limited were transferred to East Boro Housing Trust Limited for proceeds of £Nil. The transaction has been treated as a group reconstruction in accordance with FRS 102 and the Housing SORP the assets acquired have been recognised at their net book value in the merger reserve.

36 Capital commitments

	2022 £000	2021 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**367,450**	347,231
Capital expenditure that has been authorised by the Board but has not yet been contracted	**207,954**	116,630
	575,404	463,861

These commitments will be funded through a mixture of cash and committed borrowings. The group's available committed borrowings are set out in note 31c.

37 Joint venture commitments

	2022 £000	2021 £000
Capital expenditure that has been contracted for within the group's joint ventures but has not been provided for in the financial statements	**89,520**	95,780

The capital expenditure represents 100% of the joint venture commitments of which 50% is attributable to the group.

38 Operating leases

The group has total commitments under non-cancellable operating leases due to expire as follows:

	2022 £000	2021 £000
Land and buildings		
Not later than one year	**70**	72
Later than one but not later than five years	**157**	220
Later than five years	**464**	471
Office premises		
Not later than one year	**382**	400
Later than one but not later than five years	**827**	994
Later than five years	**1,916**	2,007
Office equipment		
Not later than one year	**74**	17
Later than one but not later than five years	**69**	3
Later than five years	**-**	-
	3,959	4,184

39 Homes and bed spaces in management and in development

	2022 No.	2021 No.
Under development at end of year:		
Housing accommodation	**1,499**	1,288
Shared ownership	**1,092**	1,025
Open market sale	**9**	-
	2,600	2,313
Under management at end of year:		
Owned and managed by the group:		
Housing accommodation		
Social rent	**19,910**	19,639
Affordable rent	**4,445**	4,116
Supported housing		
Social rent	**3,601**	3,552
Affordable rent	**69**	68
Shared ownership	**3,393**	3,177
Sheltered housing	**998**	-
Care homes	**123**	-
Market rented	**94**	94
Sub-market rented	**100**	-
Leasehold	**1,593**	1,564
Temporary Social Housing	**152**	153
	34,478	32,363
Not owned but managed by the group:		
Housing accommodation		
Social rent	**234**	233
Leasehold	**2**	2
Temporary Social Housing	**30**	39
	266	274
Owned but managed by others at the end of the year:		
Housing accommodation		
Social rent	**204**	69
Care homes	**74**	23
Leasehold	**46**	-
	324	92
	35,068	32,729

The above table consists of:

	2022 No.	2021 No.
Homes	**35,045**	32,706
Bed spaces	**23**	23
	35,068	32,729

40 Contingent liabilities

Aster Group Limited

East Boro Housing Trust Limited and East Boro Housing Services Limited joined the group on 31 March 2020. Net assets with a fair value of £14.0 million were received for nil consideration. This value included original government grant funding of £11.1 million which, through fair-value adjustments, was reduced to zero. The disposal of a related housing property has triggered the obligation on the group to recycle £100,000 grant in accordance with the original grant funding terms and conditions. The remaining grant funding is not included as a liability on the group's balance sheet.

Central & Cecil Housing Trust joined the group on 1 January 2022. Net assets with a fair value of £119.4 million were received for nil consideration. This value included original government grant funding of £36.0 million which, through fair-value adjustments, was reduced to zero. The disposal of a related housing property has triggered the obligation on the group to recycle £200,000 grant in accordance with the original grant funding terms and conditions. The remaining grant funding is not included as a liability on the group's balance sheet.

Aster Communities

Aster Communities has entered into a service concession arrangement contract (previously known as a private finance initiative contract) with Wiltshire Council. The 242 properties covered by the contract are available for occupation and the costs of construction have been transferred to a finance debtor that is recovered over the contract period on an annuity basis.

Wiltshire Council holds an option to purchase the properties at the end of the contract period in 2034 at price equal to the existing use valuation – social housing (EUV-SH) of the properties less 40% of the 'authority residual value overage share' (ARVOS). ARVOS is the difference between the EUV-SH and the terminal debt of £12.9 million, providing EUV-SH is greater than the terminal debt. If EUV-SH is less than the terminal debt there is no ARVOS. If Wiltshire Council does not take up this option Aster Communities can purchase the properties. If this happens Aster Communities will repay the terminal debt balance of £12.9 million. Aster Communities will then pay Wiltshire Council 40% of ARVOS, providing the properties EUV-SH is greater than the terminal debt. As it is unknown whether or not Wiltshire Council will opt to purchase the properties at the end of the contract the group has not recorded a related liability for this transaction at 31 March 2022 or 31 March 2021.

Synergy Housing Limited

In 2018 Synergy Housing Limited entered into a stock transaction with another social landlord. Housing properties with a fair value of £1.3 million were received in exchange for a cash payment of £1.3 million. This value includes original government grant funding of £431,000 which has an obligation to be recycled in accordance with the original grant funding terms and conditions. The association is responsible for the recycling of the grant in the event of the housing properties being disposed of. The grant funding is not included as a liability on the group's balance sheet.

Aster Homes Limited

At the time of entering into contracts, the vendors of the three large joint venture (JV) development sites with deferred payment terms required a parent company guarantee, that would only be applicable in the event of the JV defaulting on payment. Vistry Homes Limited, a joint venture partner of Aster Homes Limited, have provided the guarantee. Aster Homes Limited agreed, through a deed of contribution entered into at site acquisition, to honour their 50% share of this guarantee. At 31 March 2022, this contingent liability was £nil (2021: £9,000).

41 Related party transactions

Aster Group Limited provides management and other services to all group companies under the terms of documented service level agreements. The group has taken advantage of the exemption allowed under Section 33 Related Party Disclosures of FRS 102 not to disclose related party transactions with wholly owned subsidiaries within the group. These have been eliminated on consolidation in the group's financial statements. Set out below are other transactions that require disclosure under FRS 102:

a) Bjorn Howard, who is an executive director of Aster Group Limited and member of the Executive Board, has a related party working within the group; the party related to Mr Howard is a member of the Executive Board. This related party operates independently from Mr Howard and does not directly report to him. He has no direct influence over the related party's remuneration package, which is in line with other staff in similar positions within the group. All transactions between the related party and the group are included within these financial statements.

b) Aster Homes Limited is party to limited liability partnerships, White Rock Land LLP; Boorley Green LLP and Kilnwood Vale LLP, with Vistry Homes Limited. These LLPs develop and sell properties for social and private housing. Aster Homes Limited entered into the following transactions during the year with the LLP partnerships:

During the year, loans were made to the LLPs to fund each of the developments it was engaged in. The details of the loans at year end are as follows:

Scheme	2022		2021			
	Accrued interest receivable £000	Loan value £000	Accrued interest receivable £000	Loan value £000	Interest rate %	Latest repayment Date
White Rock LLP	-	-	1,354	-	3.5 plus base*	31 March 2022
Tithe Barn Scheme - White Rock LLP	**4,301**	**6,762**	3,898	11,438	4.0 plus base*	31 December 2023
Boorley Green LLP	**4,319**	**11,252**	3,553	15,497	4.0 plus base*	1 July 2026
Kilnwood Vale LLP	**1,155**	**2,316**	941	6,766	3.5 plus base*	1 July 2028
	9,775	**20,330**	9,746	33,701		

*base rate was for the year 0.1% - 0.75% (2021: 0.1%).

The loans made to White Rock Land LLP; Boorley Green LLP and Kilnwood Vale LLP are secured against the land and properties being developed.

	2022			
	White Rock Land LLP £000	Boorley Green LLP £000	Kilnwood Vale LLP £000	Total £000
Income	**31,771**	**22,961**	**17,615**	**72,347**
Expenditure	**(30,377)**	**(22,243)**	**(14,465)**	**(67,085)**
Profit / (loss)	**1,394**	**718**	**3,150**	**5,262**
50% share of profit / (loss)	**697**	**359**	**1,575**	**2,631**
Loan interest	**402**	**767**	**215**	**1,384**
Loan balance	**11,063**	**15,571**	**3,471**	**30,105**

	2021			
	White Rock Land LLP £000	Boorley Green LLP £000	Kilnwood Vale LLP £000	Total £000
Income	21,559	14,718	10,910	47,187
Expenditure	(21,934)	(14,811)	(9,642)	(46,387)
Profit	(375)	(93)	1,268	800
50% share of profit	(188)	(47)	634	400
Loan interest	583	841	344	1,768
Loan balance	16,691	19,050	7,706	43,447

White Rock Land LLP's, Boorley Green LLP's and Kilnwood Vale LLP's principal place of business is:
11 Tower View, Kings Hill, West Malling, Kent ME19 4UY.

As at 18 August 2020, the date of signing the annual report last year, the prior year joint venture financial statements were still being audited by Vistry Home's Limited auditor. Aster Group Limited have recognised an audit adjustment of £0.6 million arising in that year on the joint ventures' audited financial statements in the group's results to 31 March 2021.

Consolidated Financial Statements

41 **Related party transactions** (continued)

The Aster Group has a number of pension schemes for the benefit of its employees and all these schemes and any transactions and outstanding balances are detailed in note 32.

The Aster Group has taken advantage of the exemption allowed under FRS 102 Section 33 'Related Party Disclosures' not to disclose related party transactions with other wholly owned entities within the group that are eliminated on consolidation.

The Accounting Direction for Private Registered Providers of Social Housing requires disclosure of the material recharges for services between non-regulated and regulated entities during the year and the balance outstanding as at the year end. The recharges for services in the year are:

From non-regulated entity	To regulated entity	Nature of supply	Annual recharges 2022 £000	Annual recharges 2021 £000	Balance as at 31 MARCH 2022 £000	Balance as at 31 MARCH 2021 £000
Aster Property Limited	Aster Communities	Property maintenance services	**50,636**	38,978	**7,151**	4,312
Aster Property Limited	Synergy Housing Limited	Property maintenance services	**26,538**	21,500	**3,519**	2,178
Aster Property Limited	Aster 3 Limited	Property maintenance services	**1,202**	725	**158**	78
Aster Property Limited	East Boro Housing Trust Limited	Property maintenance services	**262**	18	**112**	1
Aster Property Limited	Aster Group Limited	Facility management services	**666**	715	**(161)**	3
East Boro Housing Services Limited	East Boro Housing Trust Limited	Property development services	**-**	18	**-**	24
Aster Homes Limited	Aster Communities	Property development services	**61,359**	59,884	**190**	3,864
Aster Homes Limited	Synergy Housing Limited	Property development services	**24,260**	15,852	**(58)**	586
Aster Homes Limited	Aster 3 Limited	Property development services	**19,071**	8,057	**68**	533
Aster Living	Aster Communities	Site management services	**1,266**	792	**168**	92
Aster Living	Synergy Housing Limited	Site management services	**1,105**	662	**161**	61
Silbury Housing Limited	Aster Communities	Site management services	**687**	677	**-**	-
Aster Solar Limited	Aster Communities	Supply of photovoltaic panels	**9**	2	**-**	(2)
Aster Solar Limited	Synergy Housing Limited	Supply of photovoltaic panels	**1**	2	**-**	2
Central & Cecil Construction Services Limited	Central & Cecil Housing Trust	Property development and other services	**30,151**	-	**1,212**	-

From regulated entity	To non-regulated entity	Nature of supply	Annual recharges 2022 £000	Annual recharges 2021 £000	Balance as at 31 MARCH 2022 £000	Balance as at 31 MARCH 2021 £000
Aster Group Limited	Aster Property Limited	Management and other services	**2,506**	2,051	**161**	(3)
Aster Group Limited	Aster Homes Limited	Management and other services	**7,737**	5,150	**2,351**	(52)
Aster Group Limited	Aster LD Limited	Management and other services	**83**	71	**80**	71
Aster Group Limited	Aster Living	Management and other services	**606**	240	**77**	19
Aster Group Limited	Silbury Housing Limited	Management and other services	**270**	265	**23**	22
Aster Group Limited	Aster Solar Limited	Management and other services	**11**	7	**1**	23
Aster Group Limited	Aster Foundation	Management and other services	**4**	-	**4**	-
Central & Cecil Housing Trust	Central & Cecil Innovations Limited	Management and other services	**321**	-	**9,583**	-
Central & Cecil Housing Trust	55 London	Management services	**1,029**	-	**(20)**	-
Central & Cecil Housing Trust	Central & Cecil Construction Services Limited	Management and other services	**33**	-	**(1,212)**	-

Recharges from Aster Property Limited, Aster Homes Limited and Central & Cecil Construction Services Limited are at cost plus a profit margin. All other recharges are at cost.

42 Acquisition of Central & Cecil Housing Trust

Central & Cecil Housing Trust, Central & Cecil Construction Services Limited, Central & Cecil Innovations Limited and 55 London joined the group on 1 January 2022 and was recognised as a non-exchange transaction. The fair values of the assets and liabilities were recognised in the Consolidated Statement of Financial Position and a gain of £119.4 million was recognised in the Consolidated Statement of Comprehensive Income for the year ended 31 March 2022. Intra-group transactions have been eliminated on consolidation.

Assets and liabilities acquired:

	2022				
	Central & Cecil £000	Fair value adjustment £000	Grant liability adjustment £000	Other provisions £000	Total £000
Fixed assets					
Property, plant and equipment (social housing)	127,077	(10,662)	-	-	116,415
Investment Properties	775	-	-	-	775
Other Fixed Assets	5,083	2,908	-	-	7,991
	132,935	(7,754)	-	-	125,181
Current assets					
Shared ownership properties held for resale	6,062	-	-	-	6,062
Cash and cash equivalents	5,407	-	-	-	5,407
Other debtors	13,858	-	-	-	13,858
	25,327	-	-	-	25,327
Creditors: amount failing due within one year	(27,718)	-	-	(2,812)	(30,530)
Net current assets	(2,391)	-	-	(2,812)	(5,203)
Other Creditors: amounts failing due after more than one year	(36,593)	-	36,024	-	(569)
Net assets	93,951	(7,754)	36,024	(2,812)	119,409

Amounts recognised in the Consolidated Statement of Comprehensive Income:

	2022 Total £000
Gain on acquisition	119,409

The disposal of a related housing property in the year has triggered the obligation on the group to recycle £200,000 grant in accordance with the original grant funding terms and conditions.

43 Key management compensation

	2022 £000	2021 £000
Salaries and short-term benefits	1,341	1,434
Non-executive directors' fees	251	207
Post-employment benefits	103	107
	1,695	1,748
Of which:		
Executive directors - Group Overlap Boards	809	860
Non-executive directors - Group Overlap Boards	140	133
Non-executive directors - Subsidiaries, committee members and the Customer and Community Network	110	74
Executive Board members	636	681
	1,695	1,748

The value of the executive directors' and board's benefits in kind have been included in the salaries and short-term benefits figure.

Association's Statement of

Comprehensive Income

for the year ended **31 MARCH 2022**

	Note	2022 £000	2021 £000
Turnover	5	**26,692**	26,284
Operating expenditure	5	**(30,423)**	(25,564)
Operating (loss) / profit	6	**(3,731)**	720
Charitable donations received	9	**10,000**	10,000
Gift aid received	10	**1,766**	3,325
Profit before interest and taxation		**8,035**	14,045
Interest receivable and similar income	11	**4,483**	3,824
Interest payable and similar charges	11	**(2,443)**	(2,443)
Interest on net pension liability	11	**(111)**	(34)
Net finance income		**1,929**	1,347
Profit before taxation		**9,964**	15,392
Tax on profit	12	**-**	-
Profit for the year		**9,964**	15,392
Other comprehensive income / (expense)			
Actuarial gains / (losses) in respect of pension schemes	22	**2,829**	(4,115)
Other comprehensive income / (expense) for the year		**2,829**	(4,115)
Total comprehensive income for the year		**12,793**	11,277

Association's Statement of

Changes in Reserves

	2022 £000	2021 £000
Retained earnings as at 1 April	**69,906**	58,629
Profit for the year	**9,964**	15,392
Other comprehensive income / (expense)	**2,829**	(4,115)
Retained earnings as at 31 March	**82,699**	69,906

ASTER GROUP

Association's Statement of
Financial Position

as at **31 MARCH 2022**

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	13	**2,169**	1,249
Property, plant and equipment	14	**1,013**	1,073
Investments in subsidiaries	15	**19,050**	19,050
Other investments	16	**30**	30
		22,262	21,402
Non-current assets			
Debtors: amounts falling due after more than one year	17	**114,117**	99,233
Current assets			
Debtors: amounts falling due within one year	18	**6,378**	3,258
Cash and cash equivalents	19	**8,648**	17,396
		15,026	20,654
Creditors: amounts falling due within one year	20	**(4,521)**	(3,417)
Net current assets		**10,505**	17,237
Total assets less current liabilities		**146,884**	137,872
Non-current liabilities			
Creditors: amounts falling due after more than one year	21	**(62,051)**	(62,358)
Pension liability - Local Government Pension Scheme	22	**-**	-
Pension liability - Social Housing Pension Scheme	22	**(2,134)**	(5,608)
Net assets		**82,699**	69,906
Capital and reserves			
Called up shared capital	23	**-**	-
Retained earnings		**82,699**	69,906
Total capital and reserves		**82,699**	69,906

The financial statements on pages **168** to **189** were approved and authorised for issue by the Board on 9 August **2022** and were signed on its behalf by:

Mike Biles
Group chairman

Bjorn Howard
Group chief executive

David Betteridge
Company secretary

Notes to the
Association's Financial Statements

1 Legal status

Aster Group Limited is registered under the Cooperative and Community Benefit Society Act 2014, and is registered with the Regulator for Social Housing (RSH) as a Registered Provider as defined by the Housing Act 2004.

2 Basis of preparation

The financial statements of the association have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102), the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. The association is classified as a Public Benefit Entity under FRS 102.

The financial statements are presented in Sterling (£).

Application of accounting policies

The association's accounting policies have been applied consistently throughout the year.

Going Concern

The directors, after reviewing the association's budgets for 2022/2023 and the group's medium term financial position as detailed in the 30-year business plan, including changes arising from the COVID-19 pandemic, are of the opinion that, taking account of severe but plausible downsides, the association will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Presentation

The association has elected not to produce a Statement of Cash Flows, detailed disclosures of financial instruments and disclosure relating to key management compensation within the individual subsidiary financial statements in line with exemptions available within FRS 102 and the Housing SORP 2018.

These disclosures are included in the group's consolidated financial statements.

3 Summary of significant accounting policies

The group's accounting policies are detailed in note 4 of the consolidated financial statements. In addition to these policies the association applies the following:

Turnover

Turnover represents:

Intra group service income - management and other services provided to other group entities recognised over the period the services are delivered.

Third party service income - administration fees charged on re-sale or staircasing transactions for shared ownership properties.

Gift aid

Commercial companies can donate any excess profits in the form of gift aid to charitable group members. These donations can only be made if the commercial company has distributable reserves for the financial year in question. Gift aid is recognised where irreversible shareholders' resolutions have been made and where cash has been paid.

Taxation

The company is liable to taxation on its profit. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Investments

Aster Group Limited holds investments in other group companies. These are recognised at cost less impairment.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Those applied by the Aster Group can be found in the ‘Critical accounting judgements and estimation uncertainty’ note in the consolidated financial statements. The association has no additional critical accounting judgements and estimation uncertainties.

5 Turnover, operating expenditure and (loss) / profit

	2022			2021		
	Turnover £000	Operating expenditure £000	Operating (loss) £000	Turnover £000	Operating expenditure £000	Operating profit £000
Services provided to subsidiaries - registered providers	**16,594**	**(18,913)**	**(2,319)**	19,218	(18,691)	527
Services provided to subsidiaries - other	**9,863**	**(11,242)**	**(1,379)**	6,869	(6,681)	188
Services provided to third party organisations	**235**	**(268)**	**(33)**	197	(192)	5
	26,692	**(30,423)**	**(3,731)**	26,284	(25,564)	720

6 Operating (loss) / profit

	2022 £000	2021 £000
Operating (loss) / profit is stated after charging:		
Auditor's remuneration (excluding irrecoverable VAT)		
In their capacity as auditors:		
Financial statements audit	**12**	11
Depreciation:		
Property, plant and equipment	**488**	566
Amortisation of intangible assets	**363**	423
Operating lease payments:		
Office equipment	**34**	23

7 Directors' emoluments

See Directors' remuneration report on pages **82** to **83**.

8 Employee information

	2022 No.	2021 No.
The average number of persons employed during the year (full time equivalents 'FTE') based on 37 hours per week	**277**	257

FTE by salary bands:
Salary includes salary, car allowance, any acting up allowances, bonuses and pension contributions made by the group.

	2022 No.	2021 No.
£59,999 or less	**211**	200
£60,000 to £69,999	**22**	19
£70,000 to £79,999	**10**	9
£80,000 to £89,999	**13**	5
£90,000 to £99,999	**3**	9
£100,000 to £109,999	**6**	7
£110,000 to £119,999	**2**	-
£120,000 to £129,999	**3**	1
£130,000 to £139,999	**1**	1
£140,000 to £149,999	**1**	-
£150,000 to £159,999	**-**	1
£190,000 to £199,999	**1**	1
£200,000 to £209,999	**-**	1
£210,000 to £219,999	**1**	1
£220,000 to £229,999	**1**	-
£250,000 to £259,999	**1**	-
£300,000 to £309,999	**-**	1
£310,000 to £319,999	**1**	-
£320,000 to £329,999	**-**	1
	277	257

None of the above employees received any enhanced pension payments during the year (2021: nil).

Staff costs:

	2022 £000	2021 £000
Wages and salaries	**12,919**	11,493
Social security costs	**1,353**	1,195
Other pension costs	**937**	765
	15,209	13,453

Employee information reflects the cost of staff that hold employment contracts with the association. Some of the above costs are then recharged to other parts of the group.

9 Charitable donations received

	2022 £000	2021 £000
Aster Communities	**10,000**	10,000

10 Gift aid received

	2022 £000	2021 £000
Aster Homes Limited	**1,641**	3,211
Aster Solar Limited	**125**	114
	1,766	3,325

11 Finance income and expense

	Note	2022 £000	2021 £000
Interest receivable and similar income			
Interest on short term deposits		18	15
Interest receivable from other group companies		4,465	3,809
		4,483	3,824
Interest payable and similar charges			
Loans with other group companies		(2,079)	(2,085)
Amortised funding fees		(116)	(114)
Administration charge		(248)	(244)
		(2,443)	(2,443)
Interest on net pension liability			
Local government pension schemes	22	10	14
Social housing pension schemes	22	(121)	(48)
		(111)	(34)
Net finance income		1,929	1,347

12 Tax on profit on ordinary activities

(a) Tax expense included in profit or loss

	2022 £000	2021 £000
The tax charge on the profit on ordinary activities was as follows:		
Current tax		
UK corporation tax expense	-	-
Under provision in prior year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustment for prior year	-	-
Changes in tax rate or laws	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	-	-

(b) Tax credit included in other comprehensive income

	2022 £000	2021 £000
Deferred tax		
Origination and reversal of timing differences	-	-
Impact of change in tax rate	-	-
	-	-

The tax assessed for the year differs from the standard rate of corporation tax in the UK as explained below.

(c) Factors affecting tax charge / (credit) for the year

	2022 £000	2021 £000
Profit on ordinary activities before taxation	**9,964**	15,392
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 19% (2021: 19%)	**1,893**	2,924
Effects of:		
Exempt income	**(1,893)**	(2,924)
	-	-

(d) Tax rate changes

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 March has been calculated based on the rate of 19% (2021: 19%)

13 Intangible assets

	Assets under construction £000	Computer software £000	Total £000
Cost			
At 1 April 2021	685	3,321	4,006
Additions	1,283	-	1,283
Completions	(386)	386	-
At 31 March 2022	1,582	3,707	5,289
Accumulated amortisation			
At 1 April 2021	-	2,757	2,757
Charge for year	-	363	363
At 31 March 2022	-	3,120	3,120
Net book value as at 31 March 2022	1,582	587	2,169
Net book value as at 31 March 2021	685	564	1,249

14 Property, plant and equipment

	Office premises £000	Office and estate equipment and furniture £000	Computer equipment £000	Total £000
Cost				
At 1 April 2021	246	671	5,333	6,250
Additions	-	43	385	428
At 31 March 2022	246	714	5,718	6,678
Accumulated depreciation				
At 1 April 2021	8	420	4,749	5,177
Charge for year	5	77	406	488
At 31 March 2022	13	497	5,155	5,665
Net book value at 31 March 2022	233	217	563	1,013
Net book value at 31 March 2021	238	251	584	1,073

15 Investments in subsidiaries

	2022 £000	2021 £000
Aster Treasury Plc - 50,000 £1 shares	**50**	50
Aster Communities - 1 £1 share	**-**	-
Synergy Housing Limited - 1 £1 share	**-**	-
Aster 3 Limited - 1 £1 share	**-**	-
Aster Living - 1 £1 share	**-**	-
Aster Property Limited - 1 £1 share and 2 £1 share each with a £3 million premium	**6,000**	6,000
Aster Homes Limited - 96 £1 shares and 2 £1 share each with a £5 million premium	**10,000**	10,000
Aster Options Plus Limited - 94 £1 shares	**-**	-
Aster LD Limited - 100 £1 shares with a £3 million premium	**3,000**	3,000
East Boro Housing Trust Limited - 1 £1 share	**-**	-
Central & Cecil Housing Trust - 1 £1 share	**-**	-
	19,050	19,050

16 Investments

	2022 £000	2021 £000
MORhomes PLC shares	**30**	30

Aster Group Limited holds 20,000 fully paid 10 pence shares with a premium of 90 pence and 20,000 10 pence shares with a premium of 40 pence in MORhomes PLC, whose primary activity is to act as a borrowing vehicle for the social housing sector.

17 Debtors: amounts falling due after more than one year

	2022 £000	2021 £000
Amounts owing by group undertakings	**114,000**	99,000
Deferred funding fees	**117**	233
	114,117	99,233

Amounts owed by group undertakings represent loans that have been made to fellow group undertakings, which have sufficient net assets and facilities in place to meet their obligations to the company as they fall due, the directors consider the credit risk to be low and no provision is made against amounts due. Amounts owed by group undertakings are carried at amortised cost. The amounts are non-instalment debts with fixed interest rates at 4.5% (2021: 4.5%).

A loan of £17.3 million was issued to Central & Cecil Housing Trust in the year with floating interest rates at Bank of England Base rate plus a margin of 1.5%.

Notes to the
Association's Financial Statements

18 Debtors: amounts falling due within one year

	2022 £000	2021 £000
Trade debtors	**24**	43
Amounts owed by group undertakings	**4,765**	2,115
Other debtors	**142**	45
Prepayments and accrued income	**1,447**	1,055
	6,378	3,258

Amounts owing by group undertakings are trading balances repayable on demand and non-interest bearing.

19 Cash and cash equivalents

	2022 £000	2021 £000
Short term deposits	**8,119**	14,118
Cash at bank and in hand	**529**	3,278
	8,648	17,396

20 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	**312**	263
Taxation and social security payable	**667**	411
Pension contributions	**242**	183
VAT payable	**281**	175
Amounts owed to group undertakings	**664**	716
Other creditors	**163**	412
Accruals and deferred income	**2,192**	1,257
	4,521	3,417

Amounts owed by group undertakings are trading balances repayable on demand and non-interest bearing.

21 Creditors: amounts falling due after more than one year

	2022 £000	2021 £000
Amounts owed to other group undertakings	**62,051**	62,358

Amounts owed to other group undertakings represent loans that have been received from fellow group undertakings as part of a long-term financing relationship with Aster Treasury Plc. Amounts owed to group undertakings are carried at amortised cost and secured over specific housing assets of the original borrowers. The amounts are non-instalment debts.

22 Pension obligations

Group pension schemes

The cost of providing retirement pensions and related benefits is accounted for in accordance with FRS 102 section 28 – 'Employee Benefits'. The association participates in five pension schemes.

There are three defined benefit schemes:

- Wiltshire Pension Scheme (closed to new members);
- Social Housing Pension Scheme ('SHPS') final salary defined benefit scheme (closed 31 March 2020); and
- SHPS career average of earnings scheme (CARE) (closed to new members);

and two defined contribution ('stakeholder') scheme:

- SHPS defined contribution scheme: and
- Aegon defined contribution scheme (from 1 April 2022).

The company makes scheduled contribution payments throughout the year to reduce the companies pension liability deficit.

The accounting treatments for each of the schemes are described below.

Summary of movements and balances in funding

	Note	2022 Total cost by scheme £000	2022 Total interest on net pension liability by scheme £000	2022 Actuarial gains / (losses) in pension scheme £000	2022 Pension deficit £000
County pension schemes					
Wiltshire	22a	**19**	**(10)**	**1,204**	**1,644**
Wiltshire - asset ceiling	22a	**-**	**-**	**(1,644)**	**(1,644)**
SHPS					
Defined benefit schemes	22b	**350**	**121**	**3,269**	**(2,134)**
Defined contribution scheme	22b	**568**	**-**	**-**	**-**
		937	**111**	**2,829**	**(2,134)**

	Note	2021 Total cost by scheme £000	2021 Total interest on net pension liability by scheme £000	2021 Actuarial gains / (losses) in pension scheme £000	2021 Pension deficit £000
County pension schemes					
Wiltshire	22a	26	(14)	(515)	(89)
Wiltshire - asset ceiling	22a	-	-	89	89
SHPS					
Defined benefit schemes	22b	275	48	(3,689)	(5,608)
Defined contribution scheme	22b	464	-	-	-
		765	34	(4,115)	(5,608)

The pension cost to the association for the year ended 31 March 2022 was £937,000 (2021: £765,000) in respect of 319 employees (2021: 281).

22 **Pension obligations** (continued)

Local government pension scheme

An allowance was made in the financial statements for the year ending 31 March 2020 in relation to the Court of Appeal judgement on the McCloud & Sargeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively.

As at 31 March 2020 the total liabilities included an estimate of the impact resulting in an increase on the defined benefit obligation. It should be noted that the adjustment included is an estimate of the potential impact on the defined benefit obligation based on analysis carried out by the Government Actuary's Department and the liability profile.

There are uncertainties how this judgement may affect LGPS members' past or future service benefits. Remedial regulations are expected in 2022 and uncertainty over the benefit changes proposed for the LGPS will remain until these have been finalised.

The directors have considered the potential impact of the McCloud case on the group and associations defined benefit liability as at 31 March 2022. With the exception of the past service cost included in the year to 31 March 2020, no additional liability has been recognised given the profile of the scheme members and assuming a very cautious outcome on the LGPS scheme liability the directors are satisfied that when fully accounted in the financial statements the impact will not be material to the group or association financial statements as at 31 March 2022.

22a **Local government pension funds**

The association participates in one fund as an admitted body under the Local Government Superannuation Regulations 1995, funded jointly by employer and employee contributions. The funds are a defined benefit final salary multi-employer scheme, and are contracted out.

As at the balance sheet date active members of the scheme employed by Aster Group Limited and the annual pensionable payroll in respect of these members was:

	2022		2021	
	Active Members No.	**Annual pensionable payroll £000**	Active Members No.	Annual pensionable payroll £000
Wiltshire Pension Fund	**1**	**39**	2	73

The funds are subject to an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

Each Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 31 March 2022. The principal assumptions used by the independent qualified actuaries in updating the latest valuation in order to provide the disclosures required by Financial Reporting Standard No. 102 section 28 – Employee Benefits are stated below. The actuary has used the projected unit credit method of valuation.

The last triennial valuation was performed on 31 March 2019 and the results have been incorporated into the financial statements for 2022.

The next triennial valuation is due to be carried out on 31 March 2022 and the results for this will be incorporated into the financial statements for 2023.

The information in the financial statements relating to the valuation of the pensions scheme's assets and liabilities has been prepared by the scheme's actuaries;

Pension Fund:	Actuary:
Wiltshire Pension Fund	Hymans Robertson LLP

Financial assumptions

	Wiltshire 31 MARCH 2022 %p.a.	Wiltshire 31 MARCH 2021 %p.a.
Price increases	**3.2**	2.9
Pension increases	**3.2**	2.9
Salary increases	**3.6**	3.3
Expected return on assets	**2.7**	2.0
Discount rate	**2.7**	2.0

Mortality

	2022 Years	2021 Years
Current pensioners		
Females	**24.2**	24.4
Males	**21.7**	21.9
Future pensioners		
Females	**26.0**	26.2
Males	**22.6**	22.9

Fair value of plan assets

	31 MARCH 2022 £000	31 MARCH 2021 £000
Equities	**5,900**	5,689
Bonds	**3,674**	3,251
Property	**1,447**	1,219
Cash	**111**	-
	11,132	10,159
Less asset ceiling	**(1,958)**	(314)
	9,174	9,845

Cost recognised as an expense

	31 MARCH 2022 £000	31 MARCH 2021 £000
Current service cost	**19**	26
Interest costs	**194**	184
Expected return on assets employed	**(204)**	(198)
	9	12
Return on plan assets	**832**	1,464

22 **Pension obligations** (continued)

22a **Local government pension funds** (continued)

Reconciliation of scheme liabilities

	Wiltshire 31 MARCH 2022 £000	Wiltshire 31 MARCH 2021 £000
Opening defined benefit obligation		
Current service cost	**9,845**	8,114
Past service cost	**19**	26
Interest cost	**194**	184
Contributions by members	**3**	5
Actuarial (gains) / losses	**(576)**	1,781
Estimated benefits paid	**(311)**	(265)
Closing defined benefit obligation	**9,174**	9,845

Reconciliation of fair value of employer assets

	31 MARCH 2022 £000	31 MARCH 2021 £000
Opening fair value of employer assets	**9,845**	8,114
Expected return on assets	**204**	198
Contributions by members	**3**	5
Contributions by employers	**449**	438
Actuarial (losses) / gains	**628**	1,266
Benefits paid	**(311)**	(265)
	10,818	9,756
Less asset ceiling	**(1,644)**	89
Closing fair value of employer assets	**9,174**	9,845
Net Pension deficit	**-**	-

Projected pension expense
for the year to **31 MARCH 2023**

	31 MARCH 2023 £000
Projected current service cost	18
Interest on obligation	244
Expected return on plan assets	(302)
	(40)

22b The Social Housing Pension Scheme

Aster Group Limited participates in the Social Housing Pension Scheme (the scheme). The scheme is funded and is contracted-out of the State Pension scheme.

The scheme is a multi-employer defined benefit scheme. Employer participation in the scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'. Full details of the scheme and its operation can be found in note 32 of the Consolidated Financial Statements.

We have been notified by the Trustee of the scheme that it has performed a review of changed made to the scheme's benefits over the years and the result is that there is uncertainty surrounding some of those changes. The Trustee has been advised to seek clarification from the court on these items. The process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of the scheme liabilities, but given the current level of uncertainties, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

SHPS defined benefit pension plan

"In October 2018 the High Court published its judgement on the case of Lloyds Banking Group and the equalisation of Guaranteed Minimum Pensions ('GMP'). This has consequently been assessed against the group's defined benefit schemes. The impact of GMP Equalisation in respect of the SHPs Pension Scheme have been recognised in the year. A further High Court ruling in November 2020 has resulted in additional allowance being included in the defined benefit obligation as at 31 March 2021 to account for all members transferred out of the Scheme since 17 May 1990.

As at the balance sheet date there were 40 (2021: 40) active members of the scheme employed by Aster Group Limited. The annual pensionable payroll in respect of these members was £2.1 million (2021: £2.1 million).

The fund is subject to an actuarial valuation of the scheme every three years. The main purpose of the valuation is to determine the financial position of the scheme in order to address the level of future contributions required so that the scheme can meet its pension obligations as they fall due.

The Scheme Actuary has prepared an actuarial report that provides an approximate update on the funding position of the scheme as at 31 March 2019. The principal assumptions used by the independent qualified actuaries in updating the latest valuation in order to provide the disclosures required by Financial Reporting Standard No. 102 section 28 – Employee Benefits are stated below. The actuary has used the projected unit credit method of valuation.

The last triennial valuation was performed on 30 September 2020 and the results have been incorporated into the financial statements for 2022.

The next triennial valuation was carried out on 30 September 2023 and the results for this will be incorporated into the financial statements for 2025.

The information in the financial statement relating to the valuation of the pensions scheme's assets and liabilities has been prepared by the scheme's actuaries, JLT.

The Social Housing Pension Scheme defined contribution scheme

The scheme is administered by the Pensions Trust. It is open to all members of staff and is the pension scheme for auto-enrolment. The company paid contributions between 4% and 10% (2021: 4% and 10%) and employees paid contributions from 3% to 7% (2020: from 3% to 7%). On retirement, funds or units earned can be converted into a pension with the Trust, or used to secure a pension with another provider. At 31 March 2022 there were 244 (2021: 224) active members of the scheme.

22 **Pension obligations** (continued)

22b **The Social Housing Pension Scheme** (continued)

The Social Housing Pension Scheme defined benefit scheme

Financial assumptions

	31 MARCH 2022 %p.a.	31 MARCH 2021 %p.a.
Price increases - RPI	**3.4**	3.2
Price increases - CPI	**3.1**	2.9
Salary increases	**4.1**	3.9
Discount rate	**2.8**	2.2

Mortality

	2022 Years	2021 Years
Current pensioners		
Females	**23.7**	23.5
Males	**21.1**	21.6
Future pensioners		
Females	**25.2**	25.1
Males	**22.4**	22.9

Fair value of plan assets

	31 MARCH 2022 £000	31 MARCH 2021 £000
Absolute returns	**748**	872
Global equity	**3,577**	2,517
Liability driven investment	**5,202**	4,013
Property and infrastructure	**2,311**	1,691
Investments	**2,374**	1,969
Sharing and alterative premia risk	**1,229**	1,170
Emerging market and private debt	**1,020**	1,014
Cash	**63**	-
Other	**2,119**	2,546
	18,643	15,792

Cost recognised as an expense

	31 MARCH 2022 £000	31 MARCH 2021 £000
Current service cost	**339**	264
Interest costs	**121**	48
Administration expenses	**11**	11
	471	323
Return on plan assets	**2,213**	1,764

Reconciliation of defined benefit obligation

	2022 £000	2021 £000
Opening defined benefit obligation	**21,400**	16,089
Current service cost	**339**	264
Contributions by scheme participants	**-**	-
Expenses	**11**	11
Interest expense	**478**	372
Actuarial losses / (gains)	**(1,413)**	5,129
Benefits paid and expenses	**(38)**	(465)
Closing defined benefit obligation	**20,777**	21,400

Reconciliation of fair value of scheme assets

	2022 £000	2021 £000
Opening fair value of scheme assets	**15,792**	13,810
Interest income	**357**	324
Actuarial gains	**1,856**	1,440
Contributions by the employer	**676**	683
Contributions by scheme participants	**-**	-
Benefits paid and expenses	**(38)**	(465)
Closing fair value of scheme assets	**18,643**	15,792
Net pension liability	**2,134**	5,608

Association's Financial Statements

23 Called up share capital

	2022 £	2021 £
Ordinary shares allotted, issued and fully paid of £1 each		
At 1 April	**6**	6
Issued during the year	**1**	-
At 31 March	**7**	6

24 Operating leases

The association has total commitments under non-cancellable operating leases due to expire as follows:

	2022 £000	2021 £000
Office equipment		
Not later than one year	**45**	17
Later than one but not later than five years	**67**	3
	112	20

25 Related party transactions

Aster Group Limited provides management and other services to all group companies under the terms of documented service level agreements. Overheads are apportioned on the basis of the amount of time spent and the affordability to the subsidiary. The amount of turnover relating to registered provider and other subsidiaries is shown in note 5.

Aster Group Limited has taken advantage of the exemption allowed under FRS 102 Section 33 'Related Party Disclosures' not to disclose related party transactions within the group. This exemption is available providing the transactions are entered into between two or more members of a group, so long as any subsidiary which is party to the transaction is wholly owned.

ASTER GROUP

Entity Legal
Status

28 Status

Aster Group Limited is the ultimate parent and ultimate controlling party within the Aster Group, which comprises:

- Aster Communities, a wholly owned subsidiary which is a registered provider and Charitable Community Benefit Society, registered with the Regulator of Social Housing (RSH). Co-operative and Community Benefit Societies Act 2014 number 31530R;
- Aster Living, a wholly owned subsidiary whose activities include providing care and support services. Aster Living is a Charitable Community Benefit Society. Charity registration number 29574R;
- Aster Property Limited, a wholly owned subsidiary of Aster Group Limited whose activities include property maintenance services to group members. Aster Property Limited is incorporated under the Companies Act 2006. Company registration number 4628065;
- Aster Homes Limited, a subsidiary of Aster Group Limited which provides property based development services to group members. Aster Homes Limited is incorporated under the Companies Act 2006. Company registration number 06424046;
- Aster LD Limited, a subsidiary of Aster Group Limited which provides property based development services. Aster LD Limited is incorporated under the Companies Act 2006. Company registration number 12341593;
- Synergy Housing Limited, a wholly owned subsidiary which is a registered provider and Charitable Community Benefit Society, registered with the Regulator of Social Housing (RSH). Co-operative and Community Benefit Societies Act 2014 number 31447R;
- Silbury Housing Holdings Limited, which is a wholly owned subsidiary of Aster Communities and has a subsidiary, Silbury Housing Limited, which provides a service concession arrangement for Wiltshire Council. Both companies are incorporated under the Companies Act 2006. Company registration numbers 07273905 and 07276148;
- Aster Treasury Plc, a wholly owned subsidiary of Aster Group Limited, providing long term finance under a finance bond to group members. Aster Treasury Plc is incorporated as a public limited company under the Companies Act 2006. Company registration number 8749672;
- Aster Solar Limited, a subsidiary jointly owned by Aster Communities and Synergy Housing Limited, provides investment in photo voltaic panels on behalf of the group. Aster Solar Limited is incorporated under the Companies Act 2006. Company registration number 9476337;
- Aster 3 Limited, a wholly owned subsidiary which is a registered provider and Charitable Community Benefit Society, registered with the Regulator of Social Housing (RSH). Co-operative and Community Benefit Societies Act 2014 number 7605R; and
- Aster Foundation, is a charitable incorporated organisation regulated by the Charity Commission, registration number 1198145.
- East Boro Housing Trust Limited, a wholly owned subsidiary of Aster Group Limited, and has a subsidiary, East Boro Housing Services Limited, is a registered provider and Charitable Community Benefit Society, registered with the Regulator of Social Housing (RSH). Co-operative and Community Benefit Societies Act 2014 number 16946R. East Boro Housing Services Limited is incorporated under the Companies Act 2006. Company registration number 07341593;
- Central & Cecil Housing Trust, a subsidiary of Aster Group Limited, is a registered provider and Charitable Community Benefit Society, registered with the Regulator of Social Housing (RSH). Co-operative and Community Benefit Societies Act 2014 number 27693R. Central & Cecil Housing Trust has three subsidiaries: Central & Cecil Construction Services Limited is incorporated under the Companies Act 2006. Company registration number 08904580; Central & Cecil Innovations Limited is incorporated under the Companies Act 2006. Company registration number 08904605 and 55 London, a Charitable Community Benefit Society, Co-operative and Community Benefit Societies Act 2014 number 7884.

Aster Group Limited is party to the below jointly controlled entities:

- White Rock Land LLP, a 50% owned Limited Liability Partnership between Aster Homes Limited and Vistry Homes Limited, established to develop sites in the South-West of England;
- Boorley Green LLP, a 50% owned Limited Liability Partnership between Aster Homes Limited and Vistry Homes Limited, established to develop sites in Hampshire;
- Kilnwood Vale LLP, a 50% owned Limited Liability Partnership between Aster Homes Limited and Vistry Homes Limited, established to develop sites in West Sussex.

Printed copies of the financial statements are available from the following address:

The Company Secretary,
Sarsen Court,
Horton Avenue,
Cannings Hill,
Devizes,
Wiltshire,
SN10 2AZ.

Sarsen Court is the registered office of all but three of the group's subsidiaries.

The registered office of Synergy Housing Limited is
Link House,
First Floor,
West Street,
Poole,
Dorset,
BH15 1LD.

The registered office of East Boro Housing Trust Limited is
Faulkner House,
31 West Street,
Wimborne Minster,
Dorset,
BH21 1JS.

The registered office of Central & Cecil Housing Trust is
Cecil House,
266 Waterloo Road,
London,
SE1 8RQ.

Legal & Administrative

Details

Registered office:

Sarsen Court,
Horton Avenue,
Cannings Hill,
Devizes,
Wiltshire,
SN10 2AZ

Legal status:

Aster Group Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014 number 29573R and is registered with the Regulator of Social Housing (RSH).

Independent Auditor:

KPMG LLP
Chartered Accountants and Statutory Auditor
Gateway House,
Tollgate,
Chandler's Ford,
Eastleigh,
SO53 3TG

Principal Bankers:

Barclays Bank Plc
Corporate Banking
3rd Floor, Windsor Court,
1-3 Windsor Place,
Cardiff,
CF10 3ZL

Principal Solicitor:

Trowers and Hamlins
3 Bunhill Row,
London,
EC1Y 8YZ

Funders:

The Royal Bank of Scotland
1st Floor,
280 Bishopsgate,
London,
EC2M 3RB

Lloyds Bank Plc
Corporate Banking
Level 7 Bishopsgate Exchange,
155 Bishopsgate,
London,
EC2M 3YB

Dexia (Public Finance Bank)
Shackleton House,
4 Battle Bridge Road,
London,
SE1 2RB

MORhomes PLC
71 Queen Victoria Street,
London,
EC4V 4AY

Affordable Housing Finance Plc
4th Floor Cannon Street,
London,
EC4N 5AF

Barclays Bank Plc
Business Banking
3rd Floor,
Windsor Court,
3 Windsor Place,
Cardiff,
CF10 3ZL

Abbey National Treasury Services Plc
2 Triton Square,
Regents Place,
London,
NW1 3AN

Handelsbanken
10 Parkstone Road,
Poole, Dorset.
BH15 2PQ

First Abu Dhabi Bank
3rd Floor,
45 Cannon Street,
London,
EC4M 5SB

MUFG Bank, Ltd.
Ropemaker Place,
25 Ropemaker Street,
London,
EC2Y 9AN

J.P. Morgan
European Bank &
Business Centre,
6, route de Trèves,
L-2633 Senningerberg,
Luxembourg

Santander
298 Deansgate,
Manchester,
M3 4HH

Security Trustee:

Prudential Trustee Company Limited
Laurence Pountney Hill,
London,
EC4R 0HH

Valuer:

Jones Lang LaSalle Limited
30 Warwick Street,
London,
W1B 5NH

Financial Adviser:

Chatham Financial Europe Limited
12 St. James Square
London
SW1Y 4LB

Glossary of
Terms

Glossary of Terms and Abbreviations

AHF	Affordable Housing Finance
ARVOS	Authority Residual value overage share
ASB	Anti-Social Behaviour
CARE	Career average of earnings
CCFF	COVID Corporate Financing Facility
CCHT / C&C	Central & Cecil Housing Trust Limited
CCN	Customer and Community Network
CEO	Chief executive officer
CIO	Charitable Incorporated Organisation
CLT	Community Land Trust
CML	Council of Mortgage Lenders
CPI	Consumer Price Index
CPPP	Corporate Performance and People Panel
D&I	Diversity and inclusion
DCLG	Department for Communities and Local Government
DEC	Disasters Emergency Committee
EBHT / EBHS	East Boro Housing Trust Limited / East Boro Housing Services Limited
EBITDA MRI	Earning before interest, tax, depreciation, amortisation (major repairs included)
EIA	Equality Impact Assessment
EIB	European Investment Bank
EMTN	Euro Medium Term Notes
EPC	Energy performance certificates
ESG	Environmental, Social and Governance
EUV-SH	Existing Use Value - Social Housing
FRS	Financial Reporting Standard
FTE	Full-time equivalents
FTSE	Financial Times Stock Exchange
GAC	Group Audit Committee
GHG	Greenhouse gas
GMP	Guaranteed Minimum Pensions
GRCC	Group Risk and Compliance Committee
GRNC	Group Remuneration and Nominations Committee
HCA	Homes and Communities Agency
ISDA	International Swaps and Derivatives Association
KPI	Key Performance Indicators
LEP	Land Enhancement Programme
LGPS	Local Government Pension Scheme
LIBOR	London Inter-Bank Offered Rate
LLP	Limited Liability Partnership
LSVT	Large Scale Voluntary Transfers
NHF	National Housing Federation
PFI	Private Finance Initiative
PLC	Public Limited Company
PPE	Personal protective equipment
PRC	Pre-fabricated reinforced concrete
RICS	Royal Institution of Chartered Surveyors
ROCE	Return on Capital Employed
RP	Registered Provider
RPI	Retail Price Index
RSH	Regulator for Social Housing
S106	Section 106
S&P	Standard and Poor
SECR	Streamlined Energy and Carbon Reporting
SHG	Social Housing Grant
SHPS	Social Housing Pension Scheme
SOAP	Stock Option Appraisal Programme
SONIA	Sterling Over Night Index Average
SORP	Statement of Recommended Practice
UEL	Useful Economic Life
VAT	Value Added Tax
VDP	Voids Disposal Programme
VFM	Value for Money

ASTER GROUP

ASTER
GROUP

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